

UNITED STATES RELATIONS WITH INTERNATIONAL ORGANIZATIONS

V. THE INTERNAL OPERATIONS OF THE UNITED NATIONS AND CERTAIN INTERNATIONAL ORGANIZATIONS IN WHICH THE UNITED STATES PARTICIPATES

REPORT OF THE COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

PURSUANT TO

Public Law 601, 79th Congress

(Section 102 (1) (g) (2) (D) of the Legislative
Reorganization Act of 1946



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Mr. O'CONOR, from the Committee on Expenditures in the Executive Departments, submitted the following

REPORT

OF THE SUBCOMMITTEE ON RELATIONS WITH INTERNATIONAL ORGANIZATIONS

On February 12, 1951, the Committee on Expenditures in the Executive Departments had before it for consideration the fifth report of the subcommittee with respect to its studies of the relationships between the United States and international organizations in which the United States participates.

After full consideration of the report, as submitted by the subcommittee, the report of said subcommittee was approved by the full Committee on Expenditures in the Executive Departments. The chairman of said subcommittee was directed to transmit a copy to the Senate.

INTRODUCTORY STATEMENT

Since January 1948, the Subcommittee on Relations with International Organizations has been engaged in a continuing study and examination of administrative, budgetary, and fiscal aspects of United States participation in international organizations, pursuant to the mandate of section 102 (1) (g) (2) (D) in the Legislative Reorganization Act of 1946.

In previous reports of the Committee on Expenditures in the Executive Departments, prepared by the subcommittee, emphasis has been placed upon the nature, extent, and cost of such participation and various problems related thereto. Particular attention was given to such matters as the benefits which accrue to the United States, the advisability of continued membership and participation and the possibility of reducing the financial burdens resulting from such participa-

tion. Although the subcommittee examined the internal structure and operations of the United Nations and its specialized agencies, during the course of its studies, it was felt that any intensive examination should be deferred until the organs of the United Nations system had passed through their formative and organizational stages of growth and development and achieved some degree of stability.¹

The United Nations and its specialized agencies have now been functioning approximately 5 years and no appreciable stabilization is apparent as yet. On the contrary, the subcommittee found that there has been a continuous increase in growth and activity which is clearly reflected in steadily increasing budgets and expenditures, projects undertaken, personnel employed, conferences and meetings, and documentation. In addition, only slight progress appears to have been made with respect to the correction of basic structural weaknesses and deficiencies, duplication and overlapping and proliferation of bodies and commissions. Finally, the subcommittee found that increasing expenditures and activities have become a serious drain and burden upon the financial and manpower resources of many of the member governments of these organizations and may ultimately impair the effective operation of the entire system.

In view of the foregoing, and the vital concern of the United States in an effective United Nations system, the subcommittee deemed it in the national interest to devote special attention to the internal structure and operations of the major international organizations in which the United States participates in order to ascertain whether they are operating efficiently and making every possible effort to use their funds effectively and economically. Accordingly, studies have been made to determine whether these agencies are pursuing prudent policies with respect to their administrative, budgetary, fiscal, and personnel procedures. In addition, special studies were undertaken relative to program and project priorities, and administrative, budgetary, and program coordination as between the United Nations and its specialized agencies and the specialized agencies themselves.

Because the major effort of the United States with respect to international organizations centers in the United Nations system, and because United States expenditures in connection with international organizations outside of the United Nations orbit are relatively small, the subcommittee has concentrated almost exclusively on the former.²

In an effort to obtain the benefit of expert advice and opinion, the subcommittee, in executive session, held hearings and heard testimony from specialists in the field. Full opportunity was afforded them to express their opinions with respect to the various problems under discussion. In addition, members and staff of the subcommittee have spent considerable time at the United Nations Headquarters in New York in an effort to obtain first-hand information with respect to the matters under examination.

¹ See *United States Relations with International Organizations: Preliminary Report of the Committee on Expenditures in the Executive Departments*, S. Rept. 1757, 80th Cong., 2d sess.; *ibid.* IV. *United States Participation in International Organizations During the Fiscal Year Ending June 30, 1949*, S. Rept. 1274, 81st Cong., 2d sess.

² A chart listing the specialized agencies and showing the number of member nations, function, budgets, and other pertinent information is found in appendix A.

A. THE INTEREST OF THE UNITED STATES IN THE UNITED NATIONS SYSTEM

The subcommittee found that the United States has a vital and abiding interest in the effective and successful operation of the United Nations system. This interest has been demonstrated clearly by the fact that (1) active participation by the United States in the United Nations and its specialized agencies has become an integral part of the over-all policy of this Government in its effort to achieve international peace and security through joint action and cooperation with all other like-minded nations;³ (2) United States contributions and outlays to the United Nations, its specialized agencies, emergency relief projects, and advances on the United Nations building loan have totaled approximately \$424,000,000⁴ from fiscal year 1946 through and including fiscal year 1950,⁵ and present indications are that these activities will entail additional contributions and outlays in excess of \$120,000,000 during fiscal year 1951; and (3) United States outlays and contributions to the United Nations system and emergency relief projects averaged approximately 50 percent of the total budgets and expenditures of these organizations.⁶

The rationale for this interest and its accompanying activity and outlay of funds is best explained by the statement of the President of the United States in a letter transmitting to the Congress his fourth annual report on the activities of the United Nations and the participation of the United States:

The Charter of the United Nations is a contract among the members to settle their disputes peacefully and to promote the economic and social advancement of all peoples for the building and maintenance of a durable world order. *We support the United Nations and keep this contract because the Charter expresses our fundamental aims in the modern world. We know that the fulfillment of the Charter will best advance our own vital interests—to attain peace with justice, to assure freedom, and to bring about economic and social progress, for ourselves and all peoples. It is for this reason that support of the United Nations is and must be point 1 of our foreign policy.*⁷

Viewed in the light of the above statement, it immediately becomes apparent that to the extent that the United Nations is successful in achieving the objectives set forth in its Charter, the foreign policy of the United States will be successful. Conversely, failure of the United Nations to achieve its vital aims and objectives will mean the failure of American foreign policy.

It should be noted that the foreign policy of the United States is not within the competence of this subcommittee. Nor is the sub-

³ *United States Relations with International Organizations, IV. United States Participation in International Organizations for the Fiscal Year Ending June 30, 1949*, S. Rept. 1274, 81st Cong., 2d sess., p. 2.

⁴ Advances on the United Nations building loan accounted for \$37,141,794 of the total amount.

⁵ A tabular breakdown of United States contributions to the United Nations and its specialized agencies, emergency relief projects, and other special activities from fiscal year 1946 through fiscal year 1950 is found in appendix B. It should be noted that expenditures by the United States for attendance at meetings and conferences of the United Nations and the specialized agencies, maintenance of permanent missions and missions on special assignments relative to permanent United Nations activities, accounted for an additional sum of approximately \$12,000,000 during this period, bringing the total cost of participation to approximately \$436,000,000.

⁶ See *United States Relations with International Organizations, IV. United States Participation in International Organizations for the Fiscal Year Ending June 30, 1949*, 81st Cong., 2d sess., p. 58. It should be noted that this figure represents the United States percentage of total scheduled assessments. However, if the actual rather than the official United States percentage is taken into account, the United States percentage of total contributions for emergency relief and other special activities is 57.77 percent.

⁷ *United States Participation in the United Nations*, Report by the President to the Congress for the Year 1949, Department of State Publication 3765, p. III. [Italics supplied.]

committee concerned directly with the substantive political conflicts which have endangered the successful operation of the United Nations system. It is felt, however, that the subcommittee has a direct responsibility, together with the Department of State, to make certain that any failure of the United Nations and its specialized agencies to achieve their objectives is not due to structural and organizational defects, overloaded work programs, imprudent administrative policies, wasteful administrative, budgetary and fiscal practices and lack of coordination.

B. THE UNITED NATIONS SYSTEM—MAJOR PROBLEMS

1. GENERAL

As already indicated, the subcommittee found, during the course of its studies, that certain basic problems and deficiencies were of particular concern to member governments and were tending seriously to endanger and weaken the effective operation of the entire system.⁸ Foremost among these are (1) financial and budgetary problems, with special reference to increasing budgets and difficulties in the collection of contributions; (2) personnel problems, with special reference to ever-increasing staff costs and the need for improving the quality and competence of members of the secretariat; (3) proliferation of programs and projects undertaken, with special reference to the tendency on the part of member governments to propose new projects and programs without regard to their cost and over-all merit; (4) the necessity for the establishment of a system of priorities with respect to projects and programs undertaken; (5) the growing tendency toward sovereignty and independence on the part of the specialized agencies; (6) duplication and overlapping of functions and activities, resulting from the lack of adequate and effective coordination with respect to administrative, personnel, and budgetary matters, programs and policy; and (7) the ever-increasing drain on the financial and manpower resources of member governments, resulting from steadily increasing assessments and attendance at large numbers of meetings and conferences all over the world.

Although seven major problems have been listed, the subcommittee found that they relate primarily to the economic and social work of the system and appear to stem, directly or indirectly, out of two fundamental and related factors: (1) the decentralized structure of the United Nations system; and (2) the political or human forces which are always present in government and administration on all levels. As will subsequently appear, the structural deficiencies are susceptible of correction. The political factors, on the other hand, present a more difficult problem.

2. THE STRUCTURAL PROBLEM

The framers of the Charter of the United Nations envisioned that the Organization would have as its major responsibilities (1) the maintenance of international peace and security; and (2) the promotion of

⁸ See United Nations, General Assembly, *Official Records of the Fourth Session, Resolutions, 1949*, Resolutions 310 (IV) and 311 (IV); *ibid.*, *Plenary Meetings, 1949, Summary Record, 255th Meeting*, pars. 45-80, United Nations, Economic and Social Council, *Official Records of the Eleventh Session*, U. N. Doc. E/1683 par. 3; United Nations, General Assembly, *Official Records of the Fifth Session, Fifth Committee, Summary Record 238th Meeting*, pars. 68-70; *ibid.*, *240th Meeting*, pars. 1-7; *ibid.*, *Joint Second and Third Committee, Summary Record, 45th Meeting*, pars. 29-44; *48th Meeting*, pp. 3-15; *ibid.*, *49th Meeting*, pp. 2-7.

international economic and social cooperation which would serve to create conditions of stability and well-being necessary for peaceful and friendly relations among nations.⁹ In establishing machinery to enable the accomplishment of these objectives, they had to choose between a centralized system, under which all international activities, political and security, as well as economic and social, would be developed and operated under the direction and control of the principal organs of the United Nations;¹⁰ and (2) a decentralized system under which the economic and social functions and responsibilities would be established and developed separately and apart for political and security matters.

For reasons which will appear, they chose the latter course and established a decentralized system, consisting of six principal organs, some of which were authorized to create subsidiary bodies.¹¹ Although political and security functions were centralized within the Organization, economic and social responsibilities were divided between the United Nations, itself, and a series of independent, functional specialized agencies which were given special responsibilities with respect to international economic, social, and cultural problems.¹² The six principal organs are the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, the International Court of Justice and the Secretariat.¹³ With respect to the specialized agencies, 10 are now in full operation and 3 additional agencies are in various stages of development.¹⁴ Each of these bodies is an independent, legal entity, with its own constitution, differing membership, separate secretariat and budget and special functions. Although the General Assembly and the Economic and Social Council were given authority to coordinate the work of the United Nations and the specialized agencies in various ways, notably through agreements between the United Nations and the agencies,¹⁵ these organs have no constitutional authority to modify either the policies, programs, or budgets of the specialized agencies. Furthermore, because they are independent bodies, they have been able to locate their headquarters in different parts of the world, thus further complicating coordinative processes.

The subcommittee found that four basic factors led to the separation of economic and social from political and security responsibilities, resulting in the establishment of the decentralized system just described:¹⁶ (1) some of the specialized agencies were already in existence before the United Nations was organized and they resisted absorption or integration quite vigorously; (2) there was a strong feeling that the social and economic functions of the new system should be afforded an opportunity to develop on a functional basis, and apart from the controversial and explosive political and security problems; (3) some consideration had to be given to the fact that not all members of the United Nations would want to or could afford to contribute the money necessary to participate in the whole range of economic and

⁹ *Charter of the United Nations*, art. 1.

¹⁰ Under the League of Nations system, all international activities were concentrated under the direction and control of the principal League organs.

¹¹ *Charter of the United Nations*, art. 7.

¹² *Ibid.*, arts. 13 and 17; chs. IX and X.

¹³ *Ibid.*, art. 7.

¹⁴ See appendix A.

¹⁵ See note 12, *supra*. This subject will be treated in detail in a subsequent section devoted to coordination.

¹⁶ See *The United Nations Secretariat*, United Nations Studies, No. 4, Carnegie Endowment for International Peace, 1950, pp. 31-32.

social activities; and (4) there was a tendency to avoid the risk of having all international eggs in one basket.

In the light of the experience of the past few years, relative to Soviet intransigence and refusal to adhere to the provisions of the United Nations Charter, the subcommittee must agree that the separation of the very vital social and economic functions from the political and security matters was, indeed, fortunate. Had these functions been included as part of a centralized system, the very substantial record of achievement by the United Nations system in the economic and social fields, during the past 5 years, would not have been possible. On the other hand, the subcommittee found that as a result of this structural development, the specialized agencies have been working out their programs and budgets independently of each other and of the United Nations, although consultations and exchanges do take place.¹⁷ Nevertheless, each agency has an ambitious program and tends to perform its various functions, often without adequate realization or understanding that each of them is but an element in the complex structure for international organized effort. This, in turn, has given rise to a number of the major problems listed earlier in this section.¹⁸ Thus, directly attributable to the decentralized system are the duplication and overlapping of functions, activities and services, the proliferation of programs and projects, the financial and budgetary problems, resulting from this situation, and, finally, the consequent drain on the financial and man-power resources of member governments.

3. THE POLITICAL PROBLEM

As already indicated, the subcommittee found that many of the major problems, referred to earlier in this section, are directly related to the manner in which representatives of member governments conduct themselves in the governing bodies of the various organs and agencies which comprise the United Nations system. The subcommittee found that from the very outset, there has been a tendency on the part of member governments to offer projects and programs without due regard either to their urgency, their over-all merit, their cost, or whether they were being or had already been undertaken by one or more of the other component organs of the system. In many instances, little attention appears to have been paid to whether these projects further the objectives of the United Nations Charter and whether they will be of benefit to the greatest number of people in the world. The primary consideration often appears to be the benefit derived by the government offering the project, or the benefit to the region of the world in which that government is located. Added to this has been the practice, reportedly engaged in by some governments, of putting pressure on the Secretariats of the United Nations and the specialized agencies to employ nationals of their own governments.

Although these tendencies and practices may be considered quite natural, they have, nevertheless, led directly to a proliferation of projects, programs and bodies, a duplication and overlapping of activities; personnel problems; and financial and budgetary problems.

¹⁷ See *infra*, section on coordination.

¹⁸ See *supra*, B 1.

All of these, in turn, have resulted in an ever-increasing drain on the financial and manpower resources of the member governments.

The subcommittee found that the United Nations is well aware of the various problems arising out of this situation. Thus, numerous reports and statements of the Secretary-General¹⁹ and the Advisory Committee on Administrative and Budgetary Questions²⁰ have emphasized the necessity for care and prudence on the part of representatives of member governments with respect to projects and programs.²¹ In addition, the debates of the delegates to the various main committees, which deal with budgetary and administrative matters and the coordination of economic and social activities, are filled with expressions of concern over the number of projects and the consequent expense.²² In fact, the subcommittee found that this concern was so great that it culminated in a resolution, passed by the General Assembly, during its fourth session "urging member states to refrain from initiating new projects other than those which are urgently required and which can be effectively carried out * * *."²³ To date, however, these efforts, which will be treated elsewhere in this report, do not appear to have resulted in any appreciable progress.

4. CONCLUSIONS

The subcommittee found that many steps have been taken in the United Nations and the specialized agencies to correct the deficiencies and weaknesses and to meet the problems resulting from the decentralized structure created by the United Nations Charter. In fact, the efforts made, which will be treated later, appear to have reached major proportions and now entail considerable work, personnel, manpower and consequent expense, all of which might have been used more profitably in connection with the substantive work of the system.

It seems obvious that it is too late to make any really sweeping structural changes in the United Nations system. Most of the specialized agencies have been functioning with relatively complete independence for approximately 5 years and with permanent headquarters established in six different countries.²⁴ However, in the opinion of the subcommittee, many of the existing problems might be eliminated if the constitutions of the specialized agencies were amended so as to provide for either or all of the following: (1) authority in the General Assembly of the United Nations to modify the programs of the special-

¹⁹ United Nations, General Assembly, *Official Records of the Third Session, pt. I, Fifth Committee, Summary Records of Meetings*, 21 September to 10 December 1948, p. 4; *ibid.*, *Official Records of the Fourth Session, Fifth Committee, Annex, Volume I, 1949*, p. 62; United Nations, Economic and Social Council, *Official Records of the Eleventh Session*, UN Doc. E/1683, pars. 6 and 7.

²⁰ The Advisory Committee on Administrative and Budgetary Questions is a standing committee of the General Assembly composed of nine experts, selected as individuals and not as representatives of any government. This group examines the budgets of the United Nations and the specialized agencies and makes recommendations to the General Assembly on all administrative and budgetary questions.

²¹ United Nations, General Assembly, *Official Records of the Second Session, Supplement No. 7, Report to the General Assembly on the Budget Estimates for 1948 and the Working Capital Fund*, UN Doc. A/336, 8 August 1947, pars. 8, 25, 26 and 27; *ibid.*, *Official Records of the Third Session, Supplement 7A, Second Report of 1948 to the General Assembly*, UN Doc. A/598, August 1948, pars. 1 and 2; *ibid.*, *Official Records of the Third Session, pt. I, 21 September to 10 December 1948, Resolutions. Fifth Report of 1948 of the Advisory Committee on Administrative and Budgetary Questions*, pp. 49 and 60, pars. 9 and 44; *ibid.*, *Official Records of the Fourth Session, Joint Second and Third Committee, Annex to the Summary Records of Meetings, 1949*, p. 20, par. 62; *ibid.*, *Administrative Budgets of the Specialized Agencies for 1951, Sixth Report of the Advisory Committee on Administrative and Budgetary Questions*, UN Doc. A/1441, 16 October 1950, p. 19.

²² See documents cited *supra*, note 8.

²³ United Nations, General Assembly, *Official Records of the Fourth Session, Resolutions, 1949*, Resolution 310 (IV).

²⁴ Three of the specialized agencies have headquarters in Geneva; two elsewhere in Switzerland; one in Rome; one in Paris; one in London; one in Montreal; and two in Washington. For a list of the specialized agencies and their permanent headquarters, see appendix A.

ized agencies; (2) authority in the General Assembly to modify the budgets of the specialized agencies; and (3) authority in the General Assembly to vote the budgets of the specialized agencies as part of an integrated, consolidated budget.²⁵

With respect to the political problem, it has already been shown that numerous efforts have been made "to curb the appetites" of the representatives of member governments, none of which have been appreciably successful. In the opinion of the subcommittee, the problems arising out of this situation must depend for their solution upon the exercise of judgment and restraint by these representatives. However, much might be accomplished, within the United Nations itself, if a system of program and project priorities were established and adhered to. Although similar considerations apply with respect to the specialized agencies, it is also necessary that national policies of member governments be coordinated so that the same projects are not offered by the same member governments in both the United Nations organs and in the specialized agencies. Finally, if the structural defects were remedied, as suggested, many of the problems arising out of the political considerations might be eliminated.²⁶

C. BUDGETARY AND FINANCIAL PROCEDURES AND PROBLEMS

1. GENERAL

The subcommittee found that between 1946 through and including 1950, the United Nations and the specialized agencies have expended a total of approximately \$857,000,000.²⁷ Of this amount \$172,775,641 represents regular annual expenditures by the United Nations; \$109,466,019 represents regular annual expenditures by the permanent specialized agencies; and \$574,692,367 was expended by the United Nations and the International Refugee Organization²⁸ in connection with emergency relief programs and special activities.

Breaking these expenditures down on a yearly basis, the subcommittee found that total expenditures by the United Nations and the specialized agencies amounted to \$28,310,107 for 1946;²⁹ \$46,003,074 for 1947;³⁰ \$169,842,160 for 1948;³¹ \$287,190,428 for 1949;³² and \$325,588,705 for 1950.³³

A further breakdown of these figures reveals that regular annual expenditures and appropriations of the United Nations, exclusive of emergency relief programs and special activities, amounted to \$19,390,000 in 1946;³⁴ \$27,901,969 in 1947; \$38,387,531 in 1948;

²⁵ Various problems involved in effecting a consolidated budget will be discussed in a subsequent section on coordination.

²⁶ The question of priorities will receive separate treatment in a subsequent section of this report.

²⁷ A tabular breakdown of the annual expenditures of the United Nations and certain specialized agencies for the calendar years 1947, 1948, 1949 and 1950 is found in appendix C.

²⁸ The International Monetary Fund and the International Bank for Reconstruction and Development have not been included, although they are specialized agencies of the United Nations, since they require no annual contributions and are financed independently.

²⁹ The International Refugee Organization is a temporary specialized agency, created to meet an emergency situation arising out of World War II. It is scheduled to terminate its operations on October 1, 1951.

³⁰ This figure includes no emergency projects and should not be treated as typical of the regular expenditures of the organs of the United Nations system. It covers only the latter part of 1946 and represents basic organizations costs of the various organizations during early formative stages.

³¹ Of this amount, \$815,241 represented emergency relief and other special activities.

³² Of this amount, \$107,233,209 represented emergency relief and other special activities.

³³ Of this amount, \$217,211,099 represented emergency relief and other special activities.

³⁴ Of this amount, \$249,433,265 represented emergency relief and other special activities.

³⁵ See appendix C, note 7.

\$42,575,368 in 1949; and \$44,520,773 in 1950.³⁵ Total expenditures of five specialized agencies during 1946 amounted to approximately \$8,920,107.³⁶ Regular annual expenditures and appropriations for seven specialized agencies amounted to \$17,285,864 in 1947; \$24,221,42 in 1948; \$27,403,961 in 1949; and \$31,634,667 in 1950.³⁷

The subcommittee found that virtually all of the expenditures noted above reflect programs and projects voted by the various governing bodies of the United Nations and the specialized agencies and are supported almost entirely by contributions of member governments.³⁸ Because of this, the subcommittee deemed it of importance to examine the financial procedures of these organizations in order to determine whether they are administered effectively and efficiently and conform to the best practices followed by national governments. In view of the fact that the expenditures and financial problems of the United Nations are far greater than those of the specialized agencies, the subcommittee has devoted itself primarily to the procedures and problems of the United Nations.

2. BUDGETARY AND FINANCIAL ARRANGEMENTS

With respect to budgetary and financial arrangements, the Charter of the United Nations provides only that "the General Assembly shall consider and approve the budget of the Organization,"³⁹ and that "the expenses of the Organization shall be borne by the members as apportioned by the General Assembly."⁴⁰ Detailed provisions were omitted because it was felt that the Charter should contain only a description of fundamental powers and functions. The task of filling in the details was left to the General Assembly during its first session, based upon recommendations of a Preparatory Commission which was established by the San Francisco Conference, for this and other purposes.⁴¹

In its report on budgetary and financial arrangements, the Preparatory Commission laid down the following general principles:

The permanent financial system of the United Nations should be so constructed as to promote efficient and economical administration and command the confidence of members. For the collection and custody of funds, the control of disbursements and the audit of expenditure, it must provide adequate arrangements adapted to the needs of the Organization, and comparable to those followed by national governments. The problem is most important in regard to the control of expenditure. An orderly budgetary procedure is essential, and there must be rules which insure that proposals involving expenditure are properly prepared and thoroughly examined from that angle before being approved. On the other hand, rules should be so devised as to allow for this examination to take place without undue delay, and for the prompt execution of policies after they have been duly approved.

Financial considerations should be given full weight in the formulation of policy, but financial controls ought not to be used to frustrate or hinder the execution of policies duly agreed. These controls are intended to assist in the orderly and

³⁵ See appendix C. A breakdown, by objects of expenditure, of United Nations expenditures and appropriations is found in appendix D (1)-(4).

³⁶ See appendix C, note 7. The specialized agencies which were functioning during that period were ILO (\$2,715,306); FAO (\$5,000,000); ICAO (\$996,972); ITU (\$82,000); and UPU (\$125,829).

³⁷ See appendix C. A breakdown, by objects of expenditure, of expenditures and appropriations of certain of the specialized agencies for 1950 is found in appendix D' (5)-(9).

³⁸ Regular annual budgets are based upon contribution scales voted by each of the agencies. Expenditures for emergency relief and special activities are generally based upon voluntary participation by governments having an interest in the particular activity.

³⁹ *Charter of the United Nations*, art. 17 (1).

⁴⁰ *Ibid.*, art. 17 (2).

⁴¹ *The United Nations Conference on International Organization, Selected Documents*, Department of State Publication 2490, Conference Series 83, April 1946, p. 606; *Charter of the United Nations*, report to the President on the results of the San Francisco Conference by the Chairman of the United States Delegation, the Secretary of State, June 1945, Department of State Publication 2349, Conference Series 71, p. 57.

economical conduct of the affairs of the United Nations and should not be regarded as negative in character. A due balance needs to be reached and whatever the system adopted much will depend on the spirit in which it is operated. The desire of the members to make the United Nations a success should insure that the financial controls are used for their proper ends.⁴²

With respect to the formulation, presentation, and execution of the budget, the Preparatory Commission stated:

It follows from Article 97 of the Charter that the Secretary-General as chief administrative officer should formulate and present the annual budget of the Organization to the General Assembly. In this task he will be guided by the policies already approved or under consideration by the Councils and Assembly. To aid him in these functions the Secretary-General will need the assistance of a budgetary staff. The different units of the Secretariat will consult with the budgetary staff in preparing their estimates, and the Assistant Secretary-General at the head of the Administrative and Financial Services, which would include the Budget Office, will advise the Secretary-General upon these estimates.⁴³

In an effort to insure that administrative and budgetary problems would be handled adequately, the Preparatory Commission recommended that the General Assembly establish an Advisory Committee for Administrative and Budgetary Questions. In making this recommendation, the Commission stated:

Before the budget is considered by the General Assembly it should be examined on their behalf by a small expert body. A large body like the General Assembly, or the Administrative and Budgetary Committee of the Assembly, would find it difficult to deal adequately with the budget and related administrative matters unless the issues upon which its attention should be particularly directed had already been analyzed and reported upon. This task will, of course, be performed to a considerable extent by the Secretariat. In the preparation of the budget the budgetary staff should be satisfied that proposed expenditures are necessary for carrying out approved policies and that the proposed administrative arrangements are appropriate. The Secretary-General will then be able to put forward a coherent case for the proposed expenditures. But it is desirable that the Assembly should be helped by the advice of a body of independent experts, especially since a large proportion of normal expenditures will be on the Secretariat. Such a body after gaining experience and working in an atmosphere of mutual confidence, would assist the Assembly in its supervision of expenditure and help the Secretary-General in presenting administrative and budgetary proposals to the General Assembly.⁴⁴

During its first session, the General Assembly adopted a series of resolutions, putting into effect the various recommendations of the Preparatory Commission,⁴⁵ including provisional financial regulations designed to apply only to financial year 1946.⁴⁶ During its second session, new provisional financial regulations were adopted, with the understanding that permanent regulations would await further experience.⁴⁷ In 1947, at its second session, the General Assembly again adopted new provisional financial regulations, aimed primarily at strengthening the budgetary and financial arrangements and curing existing weaknesses.⁴⁸ On November 16, 1950, at its fifth session, the General Assembly adopted permanent financial regulations, designed to strengthen existing budgetary and financial arrangements and

⁴² Report of the Preparatory Commission of the United Nations, Doc. PC/20, December 1945, p. 106.

⁴³ *Ibid.*

⁴⁴ *Id.*, at pp. 106-107.

⁴⁵ United Nations, General Assembly, *Resolutions Adopted * * * During the First Part of Its First Session, 1946*, UN Doc. A/64, sec. VII, pp. 14-23; *ibid.*, *Resolutions Adopted * * * During the Second Part of Its First Session, 1946*, UN Doc. A/64, addition 1, Sec. XV, pp. 128, 164.

⁴⁶ United Nations, General Assembly, *Resolutions Adopted * * * During the First Part of Its First Session*, *op. cit.*, *supra*, note 45, pp. 21-22; *Year Book of the United Nations, 1946-47*, pp. 234, et. seq.

⁴⁷ Resolution 80 (I), United Nations, General Assembly, *Resolutions Adopted * * * During the Second Part of Its First Session*, *op. cit.*, *supra*, note 45, pp. 144-148; *Year Book of the United Nations, 1946-47*, pp. 234-235.

⁴⁸ Resolution 163 (II), United Nations, General Assembly, *Official Records of the Second Session, Resolutions, 1947*. UN Doc. A/519, pp. 68-75. See also *Year Book of the United Nations, 1947-48*, pp. 165-169.

to promote uniform financial practices between the specialized agencies, each of which has its own financial regulations, and the United Nations.⁴⁹

3. THE BUDGET PROCESS IN THE UNITED NATIONS AND THE SPECIALIZED AGENCIES.

(a) *General*.—The subcommittee found that the budget process followed by the United Nations and the specialized agencies is an intricate and complex operation, involving a varying number of bodies and entailing much time and effort. Although there is a basic similarity between the procedures followed by the United Nations and those used by the specialized agencies with respect to budget formulation and presentation, the procedures followed by the former are far more intricate.

(b) *The United Nations*.—The subcommittee found that the budget process in the United Nations involves six major steps:⁵⁰ (1) The departments of the Secretariat submit estimates to the Secretary-General, based upon programs and projects which have been approved by the various policy-making organs of the Organization, i. e., the Councils, Commissions, and other subordinate bodies; (2) the Secretary-General then assembles this material, adding to it, where necessary, Secretariat expenses and any other items which he believes should be included, and formulates consolidated budget estimates. These estimates are forwarded to the Advisory Committee on Administrative and Budgetary Questions at least 12 weeks prior to the opening of the regular session,⁵¹ and to all member states at least 5 weeks prior to the opening of the regular session;⁵² (3) the Advisory Committee, consisting of nine experts, elected as individuals and not representative of any government, holds closed sessions and receives oral and written testimony from the Secretary-General, the Director of the Budget, and department heads, devoting approximately 7 weeks to the budget estimates. The Committee then prepares a report to the General Assembly, based upon these estimates, and submits it to the member states at the same time as the estimates are submitted to them.⁵³ In its report, the Committee usually makes recommendations with respect to reductions, and deals, as well, with personnel, administrative, and budgetary problems generally; (5) the Fifth Committee (Administrative and Budgetary Committee) of the General Assembly, composed of representatives of all member nations, considers the Secretary-General's estimates and the Advisory Committee's report thereon, and holds appropriation hearings which last approximately 8 weeks.⁵⁴ During these hearings, which are open, testimony is heard from the Secretary-General, the Chairman of the Advisory Committee on Administrative and Budgetary Questions, and the heads of the depart-

⁴⁹ United Nations, General Assembly, UN Doc. A/1520, 17 November 1950. These regulations were developed by the Secretary-General of the United Nations in collaboration with the heads of the specialized agencies. The resolution expresses the hope that member states would support the adoption by the specialized agencies of these new regulations with only such alterations as are required within the constitutional provisions and organizational structure of the respective agencies. See United Nations, General Assembly, *Permanent Financial Regulations of the United Nations*, UN Doc. A/1496, 10 November 1950. A copy of the *Permanent Financial Regulations* is found in appendix E.

⁵⁰ See appendix E.

⁵¹ *Financial Regulations of the United Nations*, op. cit., supra, note 49, regulation 3.5.

⁵² *Ibid.*, regulation 3.4.

⁵³ *Ibid.*, regulation 3.6.

⁵⁴ The Fifth Committee of the General Assembly is one of the six main committees upon which all member governments of the United Nations are represented. It is concerned primarily with administrative and budgetary matters.

ments of the Secretariat, all of whom are called upon to justify their requests and recommendations; and (6) the Fifth Committee votes on each section of the budget estimates and prepares a report on the results to the General Assembly which appropriates the necessary funds by resolution in plenary session.⁵⁵

(c) *The specialized agencies.*⁵⁶—Procedures of the Food and Agriculture Organization (FAO) provide for a triple review of the Director General's budget estimates (1) by the Committee on Financial Control, a body of five experts, appointed because of their special competence in the field; (2) by the Council, which is composed of representatives of 18 members; and (3) by the full Conference, which is the policy-making body of the Organization. The Council is charged with the exercise of financial control, and is assisted by the Committee on Financial Control, which reviews the Director General's budget estimates and submits recommendations thereon to the Council which then reports to the Conference. In addition, the Committee on Financial Control advises the Director General on questions of financial policy throughout the year.

In the International Civil Aviation Organization (ICAO), the Council, composed of representatives of 21 member nations, is continually in session and is responsible, *inter alia*, for supervising the financial and administrative practices of the Secretariat. The Council's Financial Committee reviews and revises the Secretary-General's preliminary budget estimates and prepares the budget for submission by the Council to the Assembly which meets annually and is the policy-making body composed of representatives of all member nations. After the budget is revised, and finally approved by the Assembly, it is expended under the continuing control of the Council, which must approve planned expenditures on a quarterly basis.

In the International Labor Organization (ILO), the Director General submits his budget estimates, in February of each year for the subsequent year, to all member governments for their information. Shortly thereafter, the estimates are examined in detail by a Finance Committee of the Governing Body, which body consists of representatives of 16 member governments, 8 representatives of management, and 8 representatives of labor. The Finance Committee hears justifications and explanations by the Director General and members of his staff, and proposes reductions to the Governing Body which then submits its recommendations to the policy-making body, the General Conference, which is composed of representatives of all member governments, for final action.

In the United Nations Educational, Scientific, and Cultural Organization (UNESCO), the Director General submits preliminary estimates to the Executive Board, which is composed of representatives of 18 member governments, in June of each year. The Board reviews the estimates and the proposed program, assisted by a special committee on finance. Both before and after the development of the preliminary estimates, the Director General is assisted by a three-man advisory panel of experts in the field of finance and administration. This panel also makes recommendations to the Executive

⁵⁵ A copy of the United Nations Budget Appropriations for the Financial Year 1950 is found in appendix F.

⁵⁶ This information is based upon the constitutions and financial regulations of the various specialized agencies and testimony by representatives of the Department of State before an executive session of the subcommittee.

Board's finance committee. The Conference, which is the policy-making body and meets annually, reviews the estimates and the Board's recommendations thereon. It then fixes a ceiling on expenditures and turns over to a 15-man budget subcommittee the problem of tailoring the adopted program to come within the ceiling.

In the World Health Organization (WHO), the Director General prepares his budget estimates and submits them to an Executive Board, composed of representatives of 18 member governments, for its comments and eventual referral to the World Health Assembly, the policy-making organ, consisting of representatives of all member nations. The Executive Board represents the Assembly, as a whole, in its review of the Director General's proposed program. The Executive Board has a small working group which screens initially the proposed budget and the program of activities. Final adoption of the budget takes place at the World Health Assembly, after a further review by the Assembly's Committee on Administration and Finance on which all member governments are represented.

(d) *The role of the Advisory Committee on Administrative and Budgetary Questions.*—The subcommittee found that the Advisory Committee on Administrative and Budgetary Questions plays an important role in connection with the budget process of the United Nations. Originally created, on the recommendation of the Preparatory Commission, during the first part of the first session of the General Assembly, it has proved to be an effective instrument.⁵⁷ Each year, its recommendations with respect to the Secretary-General's budget estimates, which are generally followed by the Fifth Committee of the General Assembly, have resulted in substantial reductions in appropriations. Thus, the following reductions in the Secretary-General's estimates were recommended by the Advisory Committee and were followed closely by the Fifth Committee: In 1948, \$4,108,098;⁵⁸ in 1949, \$1,558,777;⁵⁹ in 1950, \$1,786,750;⁶⁰ and for 1951, \$1,623,800.⁶¹

The subcommittee observed that a sort of friendly rivalry has grown up between the Secretary-General and the Advisory Committee. Although the Secretary-General has generally agreed, for the most part, to many of the reductions recommended by the Advisory Committee, he has usually put up some argument in the Fifth Committee for the restoration of at least part of the funds. Thus, in 1949, the Secretary-General, in addressing the Fifth Committee in connection with his justification of the 1950 budget estimates, said:⁶²

From this net budget the Advisory Committee on Administrative and Budgetary Questions has recommended a further reduction of \$1,786,750. I trust you know of my respect for the Advisory Committee which on many occasions has contributed wisely and constructively to the solution of our problems, and especially of my high admiration and affection (if I may take the liberty of saying so) for the Committee's Chairman, my distinguished friend, Mr. Aghnides. But being frank

⁵⁷ See text accompanying notes 44 and 45, *supra*.

⁵⁸ United Nations, Advisory Committee on Administrative and Budgetary Questions, *Report to the General Assembly on the Budget Estimates for 1948 and the Working Capital Fund, Official Records of the Second Session of the General Assembly, Supplement No. 7*, UN Doc. A/336, 8 August 1947, par. 18.

⁵⁹ *Ibid.*, *Second Report of 1948 to the General Assembly, Official Records of the Third Session of the General Assembly, Supplement No. 7A*, UN Doc. A/589, August 1948, par. 19.

⁶⁰ *Ibid.*, *Second Report of 1949 to the General Assembly, Official Records of the Fourth Session, Supplement No. 7*, UN Doc. A/934, 8 August 1949, par. 13.

⁶¹ *Ibid.*, *Second Report of 1950 to the General Assembly, Official Records of the Fifth Session, Supplement No. 7*, UN Doc. A/1312, 4 August 1950, par. 23.

⁶² United Nations, General Assembly, *Official Records of the Fourth Session, Fifth Committee. Administrative and Budgetary Questions, Annex to the Summary Records of Meetings*, vol. I, 1949, p. 63.

in this expression, I must be equally frank in saying that I believe in this instance the Committee has gone too far.

Since receiving the recommendations of the Advisory Committee I have reconsidered the whole situation long and searchingly. My first hope was that I could agree completely with the Committee, as I did last year except for a single item. You know I always like to agree. I have responsibilities, however, which I cannot escape. * * *

Replying to these remarks, the Chairman of the Advisory Committee stated:⁶³

This year the task of the Advisory Committee and my own task in the Fifth Committee is, I fear, more than usually difficult, because the Committee has been unable to reach complete agreement with the Secretary-General. The Committee has recommended reductions which the Secretary-General feels he cannot accept.

It may be that some representatives will find our proposals unduly harsh; others again may feel we have not gone far enough. If so, we shall merely renew an experience of the last Assembly session when the Advisory Committee was assailed on both these counts. In any event, it is for the Fifth Committee to pass judgment on the recommendations.

* * * * *

I am grateful to the Secretary-General for his flattering references to my colleagues of the Advisory Committee and to myself. May I assure him that in spite of differences of opinion on estimates we have very great personal regard for him and it is our genuine desire to help him in the discharge of his tremendous responsibilities. * * *

Although the Advisory Committee examines the budgets of a number of the specialized agencies and reports to the General Assembly thereon, with comments and recommendations, it takes no part in the actual budget process of these organizations.⁶⁴ It merely exercises, on behalf of the General Assembly, that body's responsibilities under the Charter to examine the administrative budgets of the agencies and to make recommendations with respect thereto, in an attempt to achieve budgetary coordination between the United Nations and the specialized agencies.⁶⁵

(e) *Problems relating to the budget process.*—The subcommittee found that the major difficulties connected with the budget process of the United Nations are structural in nature and arise out of (1) the peculiar position of the Secretary-General under the Charter; and (2) the relationship between the General Assembly and the Councils, Commissions, and their subordinate bodies.

It has already been shown that the Secretary-General formulates his budget estimates on the basis of the programs and projects which have been authorized by the various political bodies.⁶⁶ All that the Secretary-General can actually do in his budget document is interpret these programs and projects in terms of the cost of meetings, personnel, common services, etc., and present a summary of the over-all program for the year in his budget message. Of course, the Secretary-General, as chief administrative officer of the Organization⁶⁷ can always advise

⁶³ *Ibid.*, pp. 64-66.

⁶⁴ See United Nations, General Assembly, *Fifth Report of 1948 of the Advisory Committee on Administrative and Budgetary Questions on the Budgets of the Specialized Agencies for 1949*, Official Records of the Third Session, pt. I, Resolutions, 21 September-12 December 1948, pp. 46-61; *ibid.*, *Sixth Report of 1949 of the Advisory Committee on Administrative and Budgetary Questions on the Budgets of the Specialized Agencies for 1950*, Official Records of the Fourth Session, Joint Second and Third Committee, Annex, 1949, pp. 14-21; *ibid.*, *Sixth Report of 1950 of the Advisory Committee on Administrative and Budgetary Questions on the Administrative Budget of the Specialized Agencies for 1951*, UN Doc. A/1441, 16 October 1950.

⁶⁵ *Charter of the United Nations*, art. 17 (3), the General Assembly assigned this responsibility to the Advisory Committee during the first part of its first session by Resolution 14 (I), February 13, 1946. See United Nations, General Assembly, *Resolutions Adopted* * * * *During the First Part of the First Session*, op. cit., *supra*, note 45, pp. 19-20.

⁶⁶ See text accompanying note 46, *supra*.

⁶⁷ *Charter of the United Nations*, art. 97.

the governing organs on the formulation of programs and on proposals for new and extended activities. He can also recommend priorities with respect to the work undertaken. However, he can neither veto nor interfere with these programs once they have been voted by the political bodies. As a result of this situation, the Secretary-General is seriously hampered, since he cannot use the budget to present to member nations his own concept of the Organization's objectives and work programs. All he can do is tell them what it will cost to carry out the programs already approved, and the purposes for which the money is requested. Thus, the budget process loses one of its main functions—management and control—and becomes merely an unpleasant job which has to be performed each year in order to enable the Organization to function. Furthermore, it places the Secretary-General in the unfortunate situation of being called to task by the Fifth Committee with respect to increased expenditures, while other organs of the United Nations can continue to increase the workload with little or no restraint.⁶⁸

That the Secretary-General is keenly aware of the weakness of his position is demonstrated by the frequent references which he has made to it. Thus, in concluding his budget message for 1948, he stated:

There may be some differences of opinion whether some of the organs of the United Nations are undertaking too much too soon in fields of doubtful urgency. That is for the member governments to decide. There can be no difference of opinion, however, regarding the resultant budgetary implications. *If the governments of the Member States are to continue the multiplication of activities on the present pattern, by the action of their representatives in the General Assembly, the Councils and the Committees, they must be prepared also to make adequate provision for paying the costs.*⁶⁹

In his opening statement to the Fifth Committee during the fourth session of the General Assembly, the Secretary-General, in discussing the size of the budget for 1950, said:

* * * in the light of current economic and currency difficulties, the budget of the United Nations unquestionably presents serious problems for some of the Member Governments. *You must never suppose for a moment that I forget this, even though I sometimes suspect that the Governments themselves lose sight of it in their zeal for multiplying the activities of the organization and increasing constantly the demands for services in widening fields.*⁷⁰

In his annual report for 1949-50, the Secretary-General again pointed out the difficult position in which he was placed, stating:

While the Secretary-General has been obliged, and will doubtless continue to be obliged, to resist from time to time the tendency of the various organs to place upon the Secretariat greater responsibilities in the form of new studies, reports, and research projects than can be adequately met within budgetary limits, it has nevertheless proved possible to furnish these bodies with all the materials requested without undue dispersal of resources and without neglecting those responsibilities which are of a regular and continuing nature.⁷¹

Another facet of this problem arises in connection with the fact that the major portion of the expenses of the United Nations is devoted

⁶⁸ See United Nations, Advisory Committee on Administrative and Budgetary Questions, *Report to the General Assembly on the Budget Estimates for 1948 and the Working Capital Fund*, op. cit. supra, note 58, par. 26.

⁶⁹ United Nations, General Assembly, *Budget Estimates for the Financial Year 1948 and Information Annex*, UN Doc. A/318, 14 July 1947, p. 5. [Italics supplied.]

⁷⁰ United Nations, General Assembly, *Official Records of the Fourth Session, Fifth Committee, Administrative and Budgetary Questions, Annex*, op. cit., supra, note 62, p. 62. [Italics supplied.]

⁷¹ United Nations, *Annual Report of the Secretary-General on the Work of the Organization*, 1 July 1949-30 June 1950, Supplement No. 1 UN Doc. A/1287, p. 136.

to personnel and conferences and meetings. If the political bodies approve more projects and schedule large numbers of meetings all over the world, the Secretary-General can either use existing facilities to meet these demands and service these meetings, or hire additional personnel. If he attempts to economize by using existing personnel, and the services and work are not satisfactory, he is immediately called upon by the political bodies for an explanation. On the other hand, if he attempts to meet these additional responsibilities by engaging additional personnel, he is met with criticism by the Fifth Committee and the Advisory Committee on Administrative and Budgetary Questions.

Thus, in 1947, commenting upon an increase in personnel costs in the 1948 budget estimates, the Advisory Committee said:

There appears to be * * * a tendency in the Secretariat to translate all new work into requirements for extra staff. * * * The Committee emphasizes that when new work arises, every effort should be made to see how far it can be absorbed before additional staff are requested.⁷²

In the same connection, the Fifth Committee, in its final report to the General Assembly on the budget estimates for 1950, observed:

Satisfaction at the progress made in this direction (referring to increased efficiency) tended to be tempered by certain misgivings regarding annual increases in the number of personnel, a movement which has not been sufficiently curbed as appeared from the Secretary-General's request for 195 new posts for 1950. There still was too great a tendency to react to each new task laid upon the Secretariat with a request for additional staff.⁷³

Again in its final report to the General Assembly on the budget estimates for 1951, the Fifth Committee stated:

It was contended that since the initial period of organization was now past, annually recurring increases in numbers of staff were no longer justified, nor was there sufficient need for the employment, on the scale requested, of temporary experts and consultants, or adequate justification for continued large expenditures on such items as temporary assistance and overtime.

* * * Concern was expressed, * * * at the continuing requests for staff increases in certain fields of activity more especially those relating to economic and social affairs.⁷⁴

The Secretary-General has usually accepted these challenges by pointing out that only because of his efforts at achieving greater efficiency and improving his administration has he been able to meet the growing demands upon him resulting from increased programs. Thus, in his budget message accompanying the 1949 budget estimates, he said:

Taking into account only the ordinary expenditures * * *, the 1949 budget remains at approximately the same level as the budget for 1948. *This stability has been achieved only through the increased efficiency and effectiveness and the definite progress in the internal organization, work methods, and procedures which enable the staff to shoulder new loads by widening United Nations activities.*⁷⁵

In defending his estimates for 1950, in which he had requested a considerable number of additional posts, the Secretary-General

⁷² United Nations Advisory Committee on Administrative and Budgetary Questions, *Report to the General Assembly on the Budget Estimates for 1948 and the Working Capital Fund*, op. cit., supra, note 58, par. 14.

⁷³ United Nations, General Assembly, *Report of the Fifth Committee on Budget Estimates for the Financial Year 1950*, UN Doc. A/1232, 8 December 1949, par. 8.

⁷⁴ United Nations, General Assembly, *Report of the Fifth Committee on Budget Estimates for the Financial Year 1950*, UN Doc. A/1734, 14 December 1950, par. 7.

⁷⁵ United Nations, General Assembly, *Budget Estimates for the Financial Year 1949 and Information Annexes*, Official Records: Third Session, Supplement No. 5, UN Doc. A/556, 3 June 1948, p. vii. [Italics supplied.]

opposed the reductions recommended by the Advisory Committee on Administrative and Budgetary Questions and told the Fifth Committee:

You will see that my principal preoccupation has been to implement more adequately, within modest means, those important clauses of the Charter which deal with economic and social matters, and to provide the essential services which the national delegations demand so insistently. You will see that I have been most concerned on the budgetary side, with established posts. *A Secretariat of increasing experience and efficiency can go only so far in absorbing constantly-growing tasks. If you really want the job done, you must give me hands to work.*⁷⁶

Referring to the problems presented to him as a result of large numbers of meetings and conferences being scheduled all over the world, the Secretary-General in his budget message, accompanying the 1950 budget estimates, observed:

* * * the rising cost of translation and publication of the official records in all the organs is offset only on the assumption that all organs will heed the recommendations of the third session of the General Assembly that the number of formal meetings be held to a minimum, and that such meetings be held at the headquarters of each organ. *The Secretariat cannot be held responsible for economy and fullest administrative efficiency if the General Assembly appropriates moneys for rotating meeting places in the face of its own recommendations.*⁷⁷

It has already been noted that the relationship between the General Assembly and the Councils, Commissions, and their subordinate bodies is, in the opinion of the subcommittee, a second source of the major difficulties connected with the budget process of the United Nations. This relates primarily to the fact that although projects and programs may be approved by bodies other than the General Assembly, the latter is the only organ which, under the Charter, has the power to appropriate the funds necessary to support these projects.⁷⁸ As a result, the exercise of real budgetary control by the General Assembly is beset by the same difficulties as is the Secretary General, since the Assembly is almost committed to appropriate the necessary funds or else find itself in conflict internally with the other bodies. This situation has, in turn, given rise to a sharp conflict between the Fifth Committee of the General Assembly, which has the responsibility for examining all requests for funds and recommending to the Assembly the amounts to be appropriated in the final budget appropriation, and the other main committees of the Assembly, which are charged with the responsibility for examining, reviewing, and reporting to the Assembly with respect to projects, programs, and other matters approved by the councils.⁷⁹

In an effort to meet this situation and to provide some sort of a brake on the actions of the Councils, Commissions, etc., the General Assembly, during its first session, approved a financial regulation which provided that "no resolution involving expenditure from United Nations funds shall be approved by a Council unless the Council has before it a report from the Secretary-General on the financial implications of the proposals, together with an estimate of the costs involved

⁷⁶ United Nations, General Assembly, *Official Records of the Fourth session, Fifth Committee, Administrative and Budgetary Questions, Annex, op. cit., supra*, note 62, p. 63. [Italics supplied.]

⁷⁷ United Nations, General Assembly, *Budget Estimates for the Financial Year 1950 and Information Annexes, Official Records of the Fourth Session, Supplement No. 5, UN Doc. A/903, 27 June 1949, p. v.* [Italics supplied.]

⁷⁸ Charter of the United Nations, art. 17 (1). See *Report to the General Assembly on the Budget Estimates for 1948, and the Working Capital Fund, op. cit. supra*, note 58, par. 26.

⁷⁹ See *Report of the Fifth Committee on the Budget Estimates for the Financial Year 1950, op. cit. supra*, note 74, par. 52.

in the specific proposals.”⁸⁰ Although this has afforded the Secretary-General an opportunity to show the various bodies what the estimated cost of their actions will amount to, it has, in the opinion of the sub-committee, had little effect upon them and they continue to propose projects and programs with little or no regard for their cost.

Commenting upon this situation, the Advisory Committee on Administrative and Budgetary Questions stated, as early as 1947:

The Committee is satisfied that the Secretariat has made laudable efforts to make effective the application of Provisional Regulation No. 25. This regulation provides that no resolution involving expenditure shall be approved by a council or other body unless it has before it an estimate of the costs involved. The Secretariat is obviously placed in an intolerable position if administrative and budgetary committees call it to task over increasing expenditures while other committees can increase the work load with little or no restraint. *The Committee has no doubt that a great weakness in the United Nations financial system is the fact that projects may be approved by bodies other than the General Assembly, which is the only appropriating authority.*⁸¹

The conflict referred to appears to arise most frequently in connection with decisions of the Councils and Commissions to hold meetings and conferences away from their respective headquarters, although it has, in the past, arisen with respect to other matters. In every instance, additional funds are required and the basic question which is raised is whether the Fifth Committee has the power to reject requests for funds to enable the implementation of decisions which have been taken by other organs and approved by one of the main committees.

The problem arose during the Third Session of the General Assembly in connection with the place of meetings and the amount of money to be devoted to studies of technical assistance. Both matters had been acted upon by competent organs and approved by the appropriate main committees, and, in one instance, had already been approved by the General Assembly. The only question was the power of the Fifth Committee to eliminate or reduce the funds estimated as necessary to implement these decisions. In ruling on the question, the Chairman of the Fifth Committee held that the Committee had the right to submit to the General Assembly any recommendations on budgetary matters which it considered appropriate; that the Committee had no power to take final decisions and could only make recommendations; that in any case, the decision of the General Assembly was final since it could adopt a resolution and then refuse or reduce the funds necessary for its execution; and that the Fifth Committee had the right to submit to the Assembly any useful recommendation regarding the expenses resulting from the adoption of a program adopted by the Assembly.⁸² The matter was raised subsequently before the plenary meeting of the Assembly, but the President failed to rule, remarking only that: “As the decisions of the Fifth Committee were subject to the approval of the General

⁸⁰ Resolution 80 (I), regulation 25, United Nations, General Assembly, *Resolution Adopted . . . During the Second Part of its First Session, 1946*, op. cit., supra, note 45, sec. XV, p. 148. This provision has been retained in each revision of the provisional Financial Regulations and has been included in art. 13 of the permanent Financial Regulations. See appendix E, art. XIII, Reg. 13.1. Similar provisions are also contained in the rules of procedure of the various organs.

⁸¹ United Nations, General Assembly, Advisory Committee on Administrative and Budgetary Questions, *Report to the General Assembly on the Budget Estimates for 1948 and the Working Capital Fund*, op. cit. supra, note 58, par. 26. [Italics supplied.]

⁸² United Nations, General Assembly, *Official Records of the Third Session, Part (I), Administrative and Budgetary Questions, Fifth Committee, Summary Records of Meetings*, 21 September–10 December, 1948, p. 873. The ruling of the Chair was sustained 24 to 3 with 5 abstentions.

Assembly, just like those of any other Committee, it was useless to discuss it further."⁸³

The problem arose again during the Fourth Session of the General Assembly. In its final report to the Assembly on the budget estimates for 1950, the Fifth Committee stated:

The question of the competence of the Fifth Committee as regards decisions taken by other bodies was frequently referred to. It was pointed out to the Committee that a similar discussion had taken place during the first part of the third session of the General Assembly, when the principle involved had been settled. The Committee recognized that it was not within its competence to reverse decisions taken by other bodies, that being the function of the General Assembly itself. But it had the right, on budgetary and administrative grounds, to refuse or reduce credits asked for the implementation of such decisions, and could make recommendations to the General Assembly accordingly.⁸⁴

The question was raised again during the plenary meeting, when it was pointed out that with respect to the holding of meetings and conferences, both the Charter of the United Nations and the rules of procedure of the various organs gave to these bodies the authority to determine where they would meet. However, since they were dependent upon the Assembly for funds, the Councils and Commissions were not really able to exercise their prerogatives in this respect, if the Assembly chose to exercise its full powers.⁸⁵

During the Fifth Session of the General Assembly, the powers of the Fifth Committee were again the subject of discussion with respect to the disallowance of additional funds required to implement the decisions of the Councils and Commissions to hold meetings and conferences during the coming year. The Chairman of the Advisory Committee on Administrative and Budgetary Questions pointed out that—

the main function of the Fifth Committee was to determine the total amount of expenditure of the United Nations and to distribute it among the various sections of the budget. Thus, the Committee would be perfectly within its rights in refusing to support the recommendation of the Third Committee (approving the action of the Economic and Social Council and some of its Commissions and sub-commissions, in scheduling meetings); in the last resort, it would be for the General Assembly to decide by choosing one of the recommendations submitted to it. * * *

The question arose again during the 276th and the 277th meetings of the Fifth Committee, this time, in connection with a decision of the Economic and Social Council to hold its next session in Chile at an added cost of approximately \$256,000. After considerable debate, the action of the Economic and Social Council, as approved by the Third Committee, was approved with the understanding that the Government of Chile would pay one-third of the additional expense, after two resolutions, which would have deleted the funds required, were defeated.⁸⁷

(f) *Conclusions with respect to the budget process.*—In the opinion of the subcommittee, remedial action is necessary if the budget processes of the United Nations are to function effectively. It is clear that there is adequate review of the budget under the

⁸³ United Nations, General Assembly, *Official Records of the Third Session, Part (I), Plenary Meetings, 1948, 170th plenary meeting*, p. 700.

⁸⁴ United Nations, General Assembly, *Report of the Fifth Committee on Budget Estimates for the Financial Year 1950*, op. cit., supra, note 73, par. 53.

⁸⁵ United Nations, General Assembly, *Official Records of the Fourth Session, Plenary Meetings, 1949, 276th plenary meeting*, p. 609, 7 December 1950.

⁸⁶ United Nations, General Assembly, *Official Records of the Fifth Session, Summary Record of the 262nd Meeting*, U. N. Doc. A/C.5/SR262, pars. 36, 37 and 38, 8 November 1950.

⁸⁷ *Ibid.*, *Summary Record of the 277th Meeting*, U. N. Doc. A/C.5/SR277, 8 December 1950.

system now in effect. It is equally clear that there is inadequate control. As in the case of other weaknesses, the basic difficulty is political and structural rather than administrative. The Secretary General is clearly without authority to delete projects and programs which make up the costs of the organization. Nor has he the power to override any actions of the political bodies. Attempts by the Advisory Committee on Administrative and Budgetary Questions to keep expenses at a minimum and to recommend the deletion of funds for certain matters are met with strong resistance and criticism. With respect to the Fifth Committee, its powers have been held to be recommendatory only. Thus, although this Committee can recommend against the appropriation of funds in any given situation, the final decision must be made by the General Assembly which usually meets in haste and is neither equipped nor in a position to change basic decisions of the substantive organs.

That this situation has caused considerable concern to the Chairman of the Advisory Committee is indicated by a summary of his remarks during the 280th meeting of the Fifth Committee, at which he defended the work of his Committee against considerable attack, as follows:

Referring to the persistent efforts which were made periodically with a view to paralyzing the free play and normal functioning of the various organs created by the United Nations, he said he could not refrain from voicing a sense of alarm. To surrender the principle of financial and administrative control, which was the prerogative of the Fifth Committee, would be nothing less than a dereliction of duty. *Budgetary and administrative control had been vested in that Committee and in the Advisory Committee, and those bodies should not hesitate to fulfill their mission in the face of repeated attacks.*⁸⁸

From the foregoing, it appears that action is necessary which will either give to the Secretary General the power to determine, in advance the necessity and priority for projected programs and projects, or to strengthen the Fifth Committee to the extent that it will be able to act as a budget bureau with real power to deny funds requested. However, the subcommittee is not convinced that either of these proposals would add to the effective functioning of the Organization. The advisability of placing in the hands of the Secretary General such plenary powers, would probably require Charter revision and would result in giving him powers which properly belong to the political organs. The Fifth Committee, on the other hand, is composed of delegates with financial and budgetary experience who are usually not equipped to make determinations with respect to substantive matters which have already been debated and examined with much care by the Councils and Commissions whose members are, in a sense, experts in their respective fields. It may thus become necessary to entrust this task either to a joint committee, composed of members of the Second, Third, and Fifth Committees, or to create a small body of qualified persons, some of whom would be experts in the economic and social fields, with power to advise the General Assembly with respect to the advisability of projects, programs and other matters. It would seem that this might be accomplished by enlarging slightly the membership of the Advisory Committee on Administrative and Budgetary Questions so as to include such experts.

⁸⁸ United Nations, General Assembly, *Official Records of the Fifth Session, Summary Record of the 280th Meeting*, U. N. Doc. A/C.5/SR 280, 13 December 1950, p. 16. [Italics supplied.]

In any event, it is clear that the matter does not lend itself to any easy solution. It may well be that if the form of the budget were changed so as to make it a performance budget, rather than an objects of expenditure budget, and the power to determine priorities were vested in a competent body, some of the underlying difficulties might be eliminated. Although these matters will receive subsequent treatment, the conclusion is nevertheless inescapable that the budget process must be strengthened so as to afford some measure of real control over the budget. If this is not done, the position of the Secretary General is likely to become increasingly intolerable, the Fifth Committee will be reduced to the position of a "rubber stamp," and the limited funds at the disposal of the Organization, which are needed so urgently for important and worthwhile economic and social projects all over the world, will be dissipated and wasted on projects of doubtful value and on expenses which might well be avoided.

In arriving at this conclusion, the subcommittee found abundant support in both the observations of the Advisory Committee and the Fifth Committee. Thus, in reporting to the General Assembly on the 1948 budget estimates, the Advisory Committee stated:

* * * The Committee has no wish to suggest that essential international activities be restricted on budgetary grounds; but it does suggest strongly that on administrative grounds it is possible to dissipate energies too widely. * * *⁸⁹

More recently, the Fifth Committee, in its report to the General Assembly on the budget estimates for 1951, stated:

* * * the trend of the discussions indicated the concern with which the majority of those participating reviewed the increasing cost of international administration as reflected in the budgets of the United Nations and its affiliated agencies over recent years. This concern, it was suggested, could best be allayed and excessive inflation of costs arrested, by the establishment of standards of administrative efficiency and economy comparable to those enforced in the most highly developed national administration. If costs continued to increase, there would be a grave danger that essential activities might be severely limited by lagging contributions. *Throughout the discussions, therefore, the need was constantly emphasized for ensuring that available resources are used to the best possible advantage and not dissipated among activities of limited importance and remote value.*⁹⁰

4. THE BUDGETING PRACTICES OF THE UNITED NATIONS AND THE SPECIALIZED AGENCIES

(a) *General.*—The subcommittee found that the budgeting practices of the United Nations and the specialized agencies vary considerably.⁹¹ Although some of the specialized agencies include program or project information and schedules in their budget estimates, the United Nations and most of the specialized agencies formulate their budget estimates by organization units and objects of expenditure, i. e., cost of meetings, cost of maintaining offices, common services, etc. As a result, an examination of the budget estimates often fails to reveal how much money is being devoted to the various projects, making it difficult, if not impossible, for member governments to determine the relative importance of any particular project without much additional research and work. This is further complicated, in the case of

⁸⁹ United Nations, Advisory Committee on Administrative and Budgetary Questions, *Report to the General Assembly on the Budget Estimates for 1948 and the Working Capital Fund*, op. cit., supra, note 58, par. 25.

⁹⁰ United Nations, General Assembly, *Report of the Fifth Committee on Budget Estimates for the Financial Year 1950*, op. cit., supra, note 74, par. 7. [Italics supplied.]

⁹¹ See United Nations, *Catalogue of Economic and Social Projects, 1950*, U. N. Doc. E/1670, 19 April 1950, pp. ix-x.

the specialized agencies, by the existence of a wide variation in the definition of the term "project." Thus, one agency may refer to a project as any area of work, whereas another may apply the term to studies or activities of a more limited scope.⁹²

(b) *The United Nations*.—As already indicated, the budgets for the departments of the United Nations are not constructed on a project basis. Thus, in accordance with the recommendations of the Preparatory Commission,⁹³ the 1946 budget was divided into two parts and eight sections. Part I, containing six sections, listed the estimates under such headings as travel of representatives to the General Assembly, personnel services, common services, establishment of headquarters and initial recruitment of staff, unforeseen expenses, and expenses of the Preparatory Commission. Part II, containing the remaining sections, listed items relating to the International Court of Justice.⁹⁴

The 1947 budget estimates, following the requirements of the provisional financial regulations,⁹⁵ were again presented in two parts and eight sections, almost identical with the 1946 presentation. The major difference was the inclusion under section 6 of a project-type item, "Advisory Social Welfare Functions."⁹⁶ In explaining the form of the 1946 and 1947 budgets, the Secretary General stated that—

* * * the uncertainties as to policies and programs prevented any but a tentative over-all estimate under five general headings, when the provisional budget was presented * * *. However, in submitting the first annual budget and the budget for 1947, the broad appropriation headings are supported in detail by tables, charts, graphs, and other explanatory data * * *.⁹⁷

The 1948 budget estimates followed the requirements of the revised provisional financial regulations,⁹⁸ and contained 7 parts and 39 sections.⁹⁹ Part I, containing 4 sections, was devoted to sessions of the General Assembly, the Councils, Commissions, and Committees; part II, containing 2 sections, covered special conferences, investigations, and inquiries; part III, containing 15 sections, covered the Secretariat; part IV, containing 6 sections, covered common services; part V, with 5 sections, dealt with capital expenses. Part VI, which dealt with Economic Commissions, Administration of the Free Territory of Trieste, and Advisory Social Welfare Functions, included 3 sections, broken down into project or program-type items. Part VII covered the International Court of Justice. All of the sections in each part were broken down into chapters.¹⁰⁰

Included with the budget estimates, as an information annex, was a detailed breakdown showing the manning tables, salaries, and miscellaneous expenses under each part, section, and chapter. Part III,

⁹² *Ibid.*

⁹³ *Report of the Preparatory Commission of the United Nations, op. cit., supra*, note 42, p. 111.

⁹⁴ See United Nations, General Assembly, *Resolutions Adopted * * * During the Second Part of Its First Session, op. cit., supra*, note 45, p. 128.

⁹⁵ *Provisional Financial Regulations of the United Nations, United Nations, General Assembly, Resolutions Adopted * * * During the Second Part of Its First Session, 1946, op. cit., supra*, note 45, sec. XV pp. 144-148, resolution 80.1, regulation 4.

⁹⁶ *Ibid.*, resolution 68 (I), pp. 128-129.

⁹⁷ United Nations, *Report of the Secretary General on the Work of the Organization*, UN Doc. A/65, 30 June 1940, ch. IX, sec. B, par. 2.

⁹⁸ "The estimates submitted to the General Assembly shall be divided into parts, sections, and chapters * * *." *Provisional Financial Regulations, Resolution 163 (II), op. cit., supra*, note 48.

⁹⁹ United Nations, General Assembly, *Budget Estimates for the Financial Year 1948 and Information Annex*, UN Doc. A/318, 14 July 1947, pp. 7-21.

¹⁰⁰ *Ibid.*, p. 20.

covering the Secretariat, listed not only manning tables, salaries, and other incidental expenses, but included, as well, detailed justifications with respect to each department, indicating, in each case, the functions, responsibilities, and established posts for the projected financial year and the current year.¹⁰¹ In some instances, programs and projects were included under the various departmental expenses in part III, and part VI included considerable detail with respect to program. However, the Advisory Committee on Administrative and Budgetary Questions, in its report to the General Assembly on the 1948 budget, was of the opinion that adequate detail with respect to programs was lacking. In this connection it stated:

The Committee has * * * been at a disadvantage, in its review of the budget, by the absence of precise descriptions of work programs. The explanation of the functions of the various divisions is given in abstract terms, covering the whole field of possible responsibilities; though whether these responsibilities should involve any workload in any particular year may depend on a number of circumstances. It was apparent that considerable attention had been given, at least by some departments, to activities and projects to be carried on during 1948, *but in few cases were these translated into definite programs of work, showing the specific types of work proposed, the scope and intensity of the work, the anticipated results, the staff required, and the time required for their completion* * * *.¹⁰²

In commenting further on the form of the 1948 budget, the Committee continued:

It [the Committee] suggests in the first place that it would be useful in future years if the narrative in the budget were to describe actual work on hand, or projects being undertaken, and if the authority for the work were explained; for example, whether necessary in fulfillment of the Secretary General's responsibilities under the Charter, or whether arising from the request of a council or a commission, etc.

Secondly, the Committee believes that it would be of value if a statistical annex could be provided in which the estimates in the various parts of the budget were, as far as possible, distributed over the actual projects to which they related, the general object being to show the full costs of each important project; as for example, the study of armaments, or narcotics, or the production of the human rights yearbook.¹⁰³

The 1949 budget estimates were presented in 9 parts and 29 sections, each of the latter being further broken down into chapters.¹⁰⁴ For the most part, the form was the same as that of the 1948 budget estimates. However, following the recommendations of the Advisory Committee, much additional explanatory material was added as information annexes, and part III, which was devoted to the New York headquarters, contained a narrative description of many of the programs and projects.¹⁰⁵ In addition, several elaborate charts were added in which proposed appropriations were distributed over the various work projects to show their full costs.¹⁰⁶ As a final annex to the 1949 budget document, there was appended a summary of proposed expenditures by objects of expenditure, in which all costs were divided into eight basic groups: (1) meetings; (2) personnel; (3) general services; (4) permanent equipment; (5) special projects and activities; (6) capital expenses; (7) other budgetary provisions; and (8) estimated casual

¹⁰¹ *Ibid.*, pt. III, pp. 38-137.

¹⁰² United Nations, Advisory Committee on Administrative and Budgetary Questions, *Report to the General Assembly on the Budget Estimates for 1948 and the Working Capital Fund*, op. cit., supra, note 58, pars. 17 and 19. [Italics supplied.]

¹⁰³ *Ibid.*, pars. 20 and 21.

¹⁰⁴ United Nations, *Budget Estimates for the Financial Year 1949 and Information Annexes*, *Official Records of the Third Session of the General Assembly*, Supplement No. 5, UN Doc. A/556, 1948, pp. 3-36.

¹⁰⁵ *Ibid.*, pp. 59-164.

¹⁰⁶ *Ibid.*, pp. 253-263.

revenue.¹⁰⁷ This table represented a reassembly of the budget estimates, designed to bring them into line with a standard pattern of objects of expenditure which had been developed by the Secretary General and the heads of the specialized agencies. Its purpose was to achieve greater uniformity in the budget presentations of the United Nations and the agencies so as to assist in budgetary coordination by providing a basis for comparison between the several budgets. This pattern was ultimately adopted, for purposes of comparison, by a number of the specialized agencies and has been issued each year as an information annex to the budget estimates of the United Nations.¹⁰⁸ It will be treated further in connection with a discussion of administrative and budgetary coordination.

The 1950 and 1951 budget estimates were presented in substantially the same form as those preceding them, except for the inclusion of more detailed information in the justifications. Responding to the request of the Advisory Committee, the Secretary General added to each budget document an information annex containing what is referred to as "project estimates," in which are contained the direct costs of projects, costs of substantive departments, and apportioned costs of other items, such as documentation, translation, conference services, common services, and permanent equipment.¹⁰⁹ Included is a breakdown indicating the amounts of money devoted to the major organs, economic and social programs, international law, public information, public administration and other matters, and a short analysis of the percentage of the total budgets allotted to each of these items.

(c) *The specialized agencies.*—The subcommittee found that the specialized agencies have made some progress toward the development of project or performance budgets. Thus, the Food and Agriculture Organization (FAO), the World Health Organization (WHO), the United Nations Educational, Cultural, and Scientific Organization (UNESCO), and the International Refugee Organization (IRO), use project budgets to some degree. The other specialized agencies, however, use the regular objects of expenditure budgets. The International Labor Organization (ILO) has submitted a project budget for 1951.

In the course of its examination of the budgets of the specialized agencies, the subcommittee noted that funds which have been allotted to these agencies for technical assistance and other extrabudgetary purposes are not incorporated in their annual budgets. Except for the World Health Organization, even the presentation of the estimates for technical assistance is entirely separate from the regular budget documents. As a result, the annual budgets fail to reflect the complete picture of the activities of these organizations for the financial year to which they refer and a comprehensive appraisal can be made only by reference to a number of separate documents.

Referring to this situation in its report on the administrative budgets

¹⁰⁷ *Ibid.*, pp. 267-271. A break-down of United Nations expenditures by the standard pattern of objects of expenditure is found in appendix D (1)-(4).

¹⁰⁸ United Nations, General Assembly *Information Annex IV to Budget Estimates for the Financial Year 1949*, Official Records: Third Session, Supplement No. 5A, UN Doc. A/556/Add. 1, 1948; *ibid.*, *Information Annex IV to Budget Estimates for the Financial Year 1950*, Official Records: Fourth Session, Supplement No. 5A, UN Doc. A/903/Add.1, 1949; *ibid.*, *Information Annex IV to Budget Estimates for the Financial Year 1951*, Official Records, Fifth Session; Supplement No. 5A, UN Doc. A/1267/Add.1, 1950. See also appendix D.

¹⁰⁹ United Nations, General Assembly, *Budget Estimates for the Financial Year 1950 and Information Annexes*, op. cit., supra, note 77, p. 253; *ibid.*, *Budget Estimates for the Financial Year 1951 and Information Annexes*, Official Records: Fifth Session, Supplement No. 5, UN Doc. A/1267, 1950, p. 319.

of the specialized agencies for 1951, the Advisory Committee suggested that—

the specialized agencies should be requested to include, as information annexes to their annual budget documents, the estimates and plans for expenditure of any other funds which may be available for use during the year covered by the regular budget estimates.

The Committee also recommended that a consolidated audit report on expenditures connected with the technical assistance program should be submitted for examination and approval to the General Assembly of the United Nations and to the general conferences of the specialized agencies.¹¹⁰

In view of the fact that the United States is contributing heavily to the financial support of the technical assistance program, apart from its contributions to the regular budgets of the United Nations and the specialized agencies, the subcommittee concurs wholeheartedly in these suggestions and was pleased to note that they were embodied in a resolution which was approved recently by the General Assembly.¹¹¹

(d) *Conclusions with respect to budgeting practices.*—In the opinion of the subcommittee, there is an urgent need for the adoption by the United Nations and the specialized agencies of project or performance budgets, if the budget process is to achieve one of its principal purposes—management and control. At present, the size of their respective budgets depends almost entirely upon the number of projects and programs which are approved by the political bodies of the various organizations. Thus, control over expenditures is entirely dependent upon the exercise of restraint by the representatives of the member nations in these bodies. Under existing practices, however, it is extremely difficult for the delegates to exercise intelligent judgment in these matters, because, for the most part, the budgets of the various agencies are not presented in project terms.

In a 1948 report by the Secretary General, he pointed out that the Advisory Committee on Administrative and Budgetary Questions had concluded that neither the United Nations nor the specialized agencies should use performance budgets at that stage of their operations.¹¹² An examination of the report of the Advisory Committee, upon which the Secretary General's remarks were based, indicated that the Advisory Committee felt that project or performance budgets should be used only by well-established agencies.¹¹³

The subcommittee is unable to agree with the conclusions of the Advisory Committee. A recent catalogue of economic and social projects, published by the United Nations, reveals that the United Nations and the specialized agencies had some 723 projects under way during 1950,¹¹⁴ representing approximately 59 percent of the total budgets of the United Nations and the specialized agencies.¹¹⁵ It will be shown subsequently that many of these projects are of doubtful value and

¹¹⁰ United Nations, General Assembly, *Administrative Budgets of the Specialized Agencies for 1951*, Sixth Report of 1950 of the Advisory Committee on Administrative and Budget Questions, UN Doc. A/1441, 16 October 1950, pars. 8-11.

¹¹¹ United Nations, General Assembly, *Administrative Budgets of the Specialized Agencies*, Resolution Adopted by the General Assembly at the 314th Plenary Meeting on 1 December 1950, UN Doc. A/1587.

¹¹² United Nations, General Assembly, *Report by the Secretary-General on Administrative and Budgetary Coordination of the United Nations for the Specialized Agencies*, UN Doc. A/599/Add.1, 25 October 1948, par. 8.

¹¹³ United Nations, General Assembly, *Fifth Report of 1948 of the Advisory Committee on Administrative and Budgetary Questions, Budgets of the Specialized Agencies for 1949*, UN Doc. A/675, 9 October 1948, par. 18.

¹¹⁴ United Nations, *Catalogue of Economic and Social Projects, 1950*, UN Doc. E/1670, 19 April 1950, p. xi.

¹¹⁵ United Nations, General Assembly, *Summary Record of the 52nd Meeting of the Joint Second and Third Committee*, UN Doc. A/C.2 and 3/SR.52, 11 November 1950, par. 16.

urgency. If performance budgets were adopted, attention would be focused upon the general character and relative importance of the work to be done or the service to be rendered. Under existing practices, the budgets reveal, for the most part, things to be acquired, such as personal services, supplies and equipment, and miscellaneous expenses. The all-important thing in budgeting is the work or service to be accomplished and what that work or service will cost.¹¹⁵

Accordingly, the subcommittee concludes that if the United Nations system is to function effectively and economically, budget practices must be revised so as to provide for effective review of functional estimates and program justifications. This can best be accomplished by the adoption of performance budgets which will show (1) the desirable magnitude of major programs or functions in terms of the need, relation to other programs, and proportion of total expenditures, all of which are matters of policy; and (2) the degree of efficiency and economy with which these programs can be executed.¹¹⁷

5. THE FINANCING OF THE UNITED NATIONS AND THE SPECIALIZED AGENCIES

(a) *General*.—The subcommittee found that the expenses of the United Nations and the specialized agencies are financed by annual budgets which, in turn, are financed by contributions from member governments.¹¹⁸ Each year, the Contributions Committee, a standing committee of experts, examines the economic conditions of the member governments, as well as other pertinent factors, and prepares a contribution scale based primarily upon capacity to pay. This scale, and the recommendations of the Contributions Committee, are then examined by the Fifth Committee which reports to the General Assembly with respect to the action and recommendations of the Contributions Committee. The scale, after adoption by the General Assembly, is then applied to the budget for the forthcoming financial year and member governments pay their respective shares accordingly.

The subcommittee found that during the financial year 1950, assessments on member governments ranged from 0.04 percent for small countries such as Costa Rica, Haiti, Honduras, Iceland, Liberia, Nicaragua, Paraguay, and Yemen, to 39.79 percent for the United States.¹¹⁹ France and China were each assessed 6 percent; the United Kingdom, 11.37 percent; and Canada, 3.20 percent. Soviet Russia was assessed 6.34 percent and her four satellites, Byelorussia, Czechoslovakia, Poland, and the Ukraine, were assessed a total of 2.91 percent, making the combined contribution of the Soviet orbit 9.25 percent of the assessable expenses of the United Nations.¹²⁰

For 1951, the General Assembly adopted a number of changes in assessments. Thus, 14 member governments received slight increases and 9 received slight decreases. Among those increased were Soviet Russia and her satellites—a combined increase of 0.93 percent, bringing

¹¹⁵ See *Budgeting and Accounting, Report of the Commission on Organization of the Executive Branch of the Government*, H. Doc. No. 84, 81st Cong., 1st sess., p. 8.

¹¹⁷ *Id.*, at p. 12.

¹¹⁸ *Charter of the United Nations*, art. 17 (2), "The expenses of the Organization shall be borne by the Members as apportioned by the General Assembly." *Ibid.*, similar provisions are contained in the constitutions of the specialized agencies. See *Yearbook of the United Nations*, 1946-47.

¹¹⁹ A table showing the scale of assessments for the apportionment of United Nations expenses for calendar year 1950 is found in appendix G.

¹²⁰ The percentage assessed to each nation does not necessarily represent the percentage of the total budget. There are occasional revenues which are deducted from the budget prior to the assessment of members.

their total contribution to United Nations expenditures to 10.09 percent for 1951. Following a resolution passed during the third session of the General Assembly, which adopted, as the ultimate ceiling for the assessment of any one member government, 33.33 percent, the largest decrease was made in the assessment of the United States. Thus, during 1951, this Government will pay 38.92 percent. In this connection, it should be noted that the United States originally paid 39.89 percent. This percentage was subsequently reduced in 1949 to 39.79 percent for financial year 1950. It thus appears that although progress is slow, the United Nations is keeping faith with the United States in working toward an ultimate ceiling of 33.33 percent.¹²¹

Since the manner in which costs are apportioned and contributions scales are determined has been described at length in a previous report of the Committee on Expenditures in the Executive Departments, prepared by this subcommittee, no further detail is deemed necessary at this time.¹²² However, certain related matters are considered worthy of further discussion.

In considering the general problem of financing the operations of the United Nations system, the subcommittee found that the primary tests which the organizations comprising the system must meet continuously are adequacy and feasibility. Thus, the budgets must be adequate in the sense that they provide resources sufficient to enable the carrying out of those activities which are essential to the successful accomplishment of the purposes set forth in their respective charters. They must be feasible in the sense that the total amounts of money required must be kept within the limits that can be borne by member nations. If it becomes too expensive for member nations to participate, the United Nations will become, in the words of Senator Arthur H. Vandenberg, "a rich man's club," and the important factor of universality of membership will be lost. When one considers that the successful attainment by the United Nations of its objectives depends very largely upon universal acceptance of these objectives and participation in the work necessary to achieve them by the greatest number of nations in the world, this becomes an important consideration.

(b) *The impact upon member governments.*—In view of the obvious importance of maintaining the expenditures of the United Nations at a level which will enable the most universal participation by the nations of the world, it would appear that definite and stringent steps would be taken within the organizations to maintain their costs at the lowest level consistent with effective operation. Unfortunately, such is not the case. Projects and programs continue to multiply with a consequent increase in costs, and the United Nations continues to conduct itself in a manner similar to national governments in the sense that emphasis appears to be placed primarily upon programs without sufficient consideration for budgetary limitations. As a result the financial burden upon member governments has continued to grow until the matter has become one of serious concern to many of them.

¹²¹ A table showing the scale of assessments for the apportionment of United Nations expenses for calendar year 1951 is found in appendix H. See also *Resolution Adopted by the General Assembly at its 324th Plenary Meeting on December 14, 1950*, UN Doc. A/1735, 15 December 1950.

¹²² See *United States Relations With International Organizations: IV. United States Participation in International Organizations During the Fiscal Year Ending June 30, 1949*, S. Rept. No. 1274, 81st Cong., 2d sess., pp. 4-15.

It has already been shown that with respect to the United Nations the Secretary General is aware of this situation and is powerless to take any remedial action. The Advisory Committee on Administrative and Budgetary Questions has sounded a warning with respect to the matter and the records of the Fifth Committee are replete with complaints and warnings that if membership continues to grow more expensive, certain nations would have to withdraw. Referring to this situation, in connection with the 1949 budget estimates, the Advisory Committee stated:¹²³

* * * In the interests of the United Nations and all its related family of specialized agencies, the Advisory Committee would urge that every endeavor should be made to stabilize expenditure at a level commensurate with the ability of Members to pay and to participate at the proper levels in the decisions and the execution of the decisions of the international organizations. The Committee recommends that the Members themselves take stock of the pace of international activity so as to achieve the necessary measure of stability in the fields covered thus far.

There are * * * indications that the costs of permanent national delegations and delegations to international conferences are rising. Most of these costs are incurred in hard-currency countries and the Committee is aware that the financial burden is causing growing concern. * * *

In reporting to the General Assembly with respect to the 1950 budget estimates of the United Nations, the Fifth Committee observed:

Concern was expressed by many delegations lest the rapidly mounting expenditures imposed upon the organization should seriously endanger its financial stability and its capacity to carry out effectively the essential tasks for which it was created. It was the sense of the Committee that Member Governments * * * had a special responsibility to insure that the activities and programs of the Organization * * * were kept within manageable proportions having regard to the resources available and the necessity of using those resources with economy and prudence.¹²⁴

Taking note of this situation in its report to the General Assembly on the 1950 budget estimates, the Fifth Committee stated:

Virtually all representatives participating in the debate emphasized the many demands which were being made on the limited resources of their Governments and the fact that current financial difficulties resulting from the grave dollar shortage made it imperative that the activities of the Organization should be carried out with a maximum of economy and efficiency. * * *¹²⁵

Finally, in its report to the General Assembly on the 1951 budget estimates, the Fifth Committee stated:

* * * the trend of discussions indicated the concern with which the majority of those participating reviewed the increasing cost of international administration as reflected in the budgets of the United Nations and its affiliated agencies over recent years. This concern, it was suggested, could best be allayed and excessive inflation of costs arrested by the establishment of standards of administrative efficiency and economy comparable to those enforced in the most highly developed national administrations. *If costs continued to increase, there would be a grave danger that essential activities might be severely limited by lagging contributions. Throughout the discussions, therefore, the need was constantly emphasized for insuring that available resources are used to the best possible advantage and not dissipated among activities of limited importance and remote value.*¹²⁶

¹²³ United Nations, Advisory Committee on Administrative and Budgetary Questions, *Second Report of 1948 to the General Assembly, Official Records of the Third Session, Supplement No. 7A*, UN Doc. A/598, August 1948, paras. 1 and 2.

¹²⁴ United Nations, General Assembly, *Report of the Fifth Committee on the Fourth Annual Budget and Working Capital Fund of the United Nations*, UN Doc. A/798, 10 December 1948.

¹²⁵ *Ibid.*, *Report of the Fifth Committee on the Budget Estimates for the Financial Year 1950*, op. cit., supra, note 73, par. 12.

¹²⁶ *Ibid.*, *Report of the Fifth Committee on the Budget Estimates for the Financial Year 1951*, op. cit., supra, note 74, par. 7. [Italics supplied.]

It will be noted that frequent reference has been made in these reports to the dollar shortage. This refers to the fact that contributions to the United Nations and most of the specialized agencies are payable in United States dollars which many member nations are finding increasingly difficult to obtain and to use for these purposes. In an effort to assist the member nations in meeting this problem, the General Assembly, during its fourth session, enacted a resolution requesting "the Secretary General and the heads of the specialized agencies * * * to study methods for maximum utilization of soft currencies for the financing of expenditures."¹²⁷ The subcommittee learned that the Secretary General has been able to arrange for the use of some soft currencies, particularly in connection with printing and in the purchase of furnishings, fixtures, and equipment for the permanent headquarters. Thus, for 1950, the Secretary General invited the payment of assessments in currencies other than United States dollars up to 22 percent of its budget, of which 15 percent was in Swiss francs and 7 percent in 10 other currencies.

It appears to the subcommittee that considerable relief might be afforded to member nations having difficulty in meeting contributions in United States dollars, if the United Nations and the specialized agencies would arrange for the use of soft currencies on a far greater scale. It seems that with branch offices in many parts of the world, such items as salaries, printing, other procurement, and travel could certainly be paid for in soft currencies.

(c) *Collection of contributions.*—The subcommittee found that in the United Nations the collection of contributions has been very good. Thus, as of November 15, 1950, there were no arrears for any period prior to 1949. For 1949, there was a balance due of \$1,251,121.60, the bulk of which was owed by China. For 1950, there was a balance due of \$6,322,577.60 on total assessments of \$34,197,085, on November 15, 1950.¹²⁸ During the latter part of December, however, an additional \$2,531,152.65 was paid, leaving an unpaid balance for the calendar year 1950 of approximately \$3,791,461.95, the major portion of which is owed by China.¹²⁹

In the specialized agencies, however, collection of contributions has been so poor, particularly during the past year, that serious concern has been expressed by the United Nations over this situation. The subcommittee examined the position of the collection of contributions with respect to six specialized agencies, as of August 31, 1950, the latest date at which reliable information was available.¹³⁰ In every case, more than 80 percent of the total assessment prior to 1950 had been paid. During 1950, however, contributions have lagged very seriously. Thus, as of August 31, 1950, of the total assessments levied upon member nations, the Food and Agriculture Organization had received 58.48 percent; the International Labor Organizations had collected 55.40 percent; the International Civil Aviation Organization

¹²⁷ United Nations, General Assembly, *Official Records of the Fourth Session, Resolutions, 1949*, resolution 311-A (IV).

¹²⁸ A table of contributions to the budgets of the United Nations for the financial years 1949 and 1950 as of November 15, 1950, is found in appendix I.

¹²⁹ See United Nations, Press Release, ORG/172, December 27, 1950.

¹³⁰ A summary statement showing the position of collection of contributions to the specialized agencies as of August 31, 1950, is found in appendix J.

had collected 63.92 percent; the United Nations Educational, Scientific, and Cultural Organization had collected 34.58 percent; and the World Health Organization had collected only 31.19 percent.

In its report on the administrative budgets of the specialized agencies for 1951, the Advisory Committee on Administrative and Budgetary Questions, taking note of this situation, observed:

A * * * problem to which the Advisory Committee directs attention concerns the collection of contributions, which appears to be causing serious financial difficulties in most of the specialized agencies. Default or delay in the payment of contributions assessed against states members of the specialized agencies may * * * hamper the execution of the programs approved in the budgets. * * * ¹³¹

In an attempt to meet this situation, the General Assembly, during its fourth session, enacted a resolution drawing "the attention of member states of the United Nations and the specialized agencies to the necessity for prompt payment of contributions to assure the adequate financing of budgets approved by them."¹³² This resolution was reenacted by the fifth session of the General Assembly after it became apparent that conditions with respect to the collection of contributions by the specialized agencies had deteriorated.¹³³

The subcommittee found that one of the reasons for the financial difficulties in which a number of the specialized agencies now find themselves is that they have adopted an unrealistic method of levying assessments. Scales of contributions, in many instances, include states which have not joined, or had given notice of withdrawal, from the organization, as well as states which for other reasons are in arrears or have defaulted in payment of their obligations. It is thus inevitable that the actual incomes of these organizations, necessary to meet their budgets, are less than the amounts counted on. In an effort to meet this situation, the General Assembly, during its fourth session, passed a resolution recommending—

to each specialized agency that it keep its expenditure each year from its regular budget within the amount of funds reasonably expected to be received in respect of that year, and that the program of expenditure be reviewed periodically during the year so that, if necessary, it can be adjusted to keep it, as far as possible, within the limits of the anticipated annual receipts.¹³⁴

It may well be that if the expenditures of the agencies were based upon receipts which actually can be anticipated, rather than upon the amounts needed to meet their budgets, this will discourage defaulters from paying their arrears and meeting their current obligations. In addition, administrative difficulties may arise out of the fact that it will be necessary for these agencies to prepare two budgets, one based on the income allowed for the agency and the other on the income it was likely to receive. Such arguments were advanced by both the

¹³¹ United Nations, General Assembly, *Sixth Report of 1950 of the Advisory Committee on Administrative and Budgetary Questions on the Administrative Budgets of the Specialized Agencies for 1951*, UN Doc. A/1441, 16 October 1950, par. 12.

¹³² United Nations, General Assembly, *Official Records of the Fourth Session, Resolutions, 1949*, Resolution 311-A (IV).

¹³³ United Nations, General Assembly, *Resolution adopted by the General Assembly at its 314th plenary meeting on 1 December 1950, Administrative Budgets of the Specialized Agencies*, UN Doc. A/1587, 2 December 1950.

¹³⁴ United Nations, General Assembly, *Official Records of the Fourth Session, Resolutions, 1949*, Resolution 311-C (IV). WHO and UNESCO have recently taken steps to provide for a plan of expenditures at a level lower than their approved budgets.

Secretary General of the United Nations and the Advisory Committee on Administrative and Budgetary Questions.¹³⁵

In the opinion of the subcommittee, a realistic attitude is in order. There appears to be no good reason for any international organization, which is dependent entirely upon contributions of member nations, to undertake programs and projects which it knows it will be unable to finance. The answer would appear to lie in the adoption of stringent and prudent policies by these organizations, which would permit only those projects to be undertaken for which funds can actually be anticipated and to suspend from voting and other privileges defaulting member governments. The subcommittee learned that the latter action has already been taken by the International Civil Aviation Organization which suspended the voting powers of six of its members which had failed to discharge their financial responsibilities.¹³⁶

(d) *The working capital fund.*—The subcommittee found that both the United Nations and the specialized agencies have set up working capital funds, established initially by advances from member governments and standing to the credit of these governments. The primary purpose of the working capital fund is to provide money needed to meet ordinary expenditures, pending the receipt of contributions from members. It also serves, in the case of the United Nations and some of the agencies, as a source of funds to meet unforeseen and extraordinary expenses which could not be anticipated in the regular budgets. This use, however, is subject to certain limitations, and withdrawals for these purposes, which cannot be absorbed in the regular budgets, are replenished by subsequent supplemental appropriations, in the case of the United Nations.

The subcommittee learned that, in the case of the United Nations, too frequent a use of this fund has, on occasion, been made for purposes which could clearly have been anticipated and for which funds should have been provided in the budget itself. Such practice presents two serious difficulties: (1) It deprives the General Assembly of an opportunity to exercise its judgment on whether funds should be appropriated for a particular purpose, since it is presented with an accomplished fact, the funds having already been committed or expended. Thus, when the Secretary General offers a supplementary estimate to reimburse the fund, in accordance with established financial regulations, the General Assembly is practically committed to appropriating supplemental funds for this purpose; and (2) when considerable amounts of the working capital fund are used for these purposes, there is danger that no funds will be available when they are needed for their primary purpose, the financing of the organization, pending the receipt of contributions.

Accordingly, the subcommittee recommends that procedures under which this fund can be used for unforeseen and extraordinary purposes be tightened up and limited to political matters which clearly cannot be foreseen. Resort to the fund for economic and social matters

¹³⁵ United Nations, General Assembly, *Report of the Secretary General on Administrative and Budgetary Coordination Between the United Nations and the Specialized Agencies*, UN Doc. A/1352, 7 September 1950, par. 6; *ibid.*, *Sixth Report of the Advisory Committee on Administrative and Budgetary Questions*, *op. cit.*, *supra*, note 130, par. 13.

¹³⁶ United Nations, General Assembly, *Summary Record of the 48th Meeting of the Joint Second and Third Committee and the 253d Meeting of the Fifth Committee*, UN Doc. A/C. 2 and 3/SR. 48, A/C. 5/SR. 253, 23 October 1950, par. 9.

should be permitted only on rare occasions where the situation is so emergent as to make immediate action absolutely necessary.

6. EXTERNAL AUDIT AND INTERNAL FISCAL CONTROL

(a) *General*.—The subcommittee found that the United Nations and the specialized agencies have adopted procedures which provide for an external audit by public accountants of international reputation who are entirely independent of these organizations and who operate in a manner similar to auditors who examine the books of private business concerns.

(b) *The United Nations*.—In the United Nations, provision is made for an annual external audit of its books, including the accounts of the International Court of Justice and the International Children's Emergency Fund, by a board of external auditors appointed by the General Assembly. Each of the auditors is required to be the Auditor General (or officer holding equivalent title) of a member government. The Board of Auditors is authorized to engage commercial public accountants to assist them, or it may use the services of auditors from the civil service of member states. At present, the Auditors General of Canada, Colombia, and Denmark constitute the Board.

The Board of Auditors is required to submit its report and the certified accounts to the General Assembly to be available to the Advisory Committee on Administrative and Budgetary Questions not later than June 1 following the end of the financial year to which the accounts relate. They are instructed to satisfy themselves that (1) the accounts and balance sheet represent a correct record of duly authorized financial transactions; (2) that the money has been expended or obligated only for purposes for which proper appropriations have been voted by the General Assembly; (3) that transfers from the working capital fund have received the necessary authority; and (4) that vouchers have been properly examined and certified by the accounting organization of the United Nations. It is required that the auditors be afforded free access at all times to the United Nations books of account and to other relevant information. Finally, they are required to certify that the accounts have been examined; that they have obtained all of the information they require; and that, as a result of the audit, in their opinion, the account is correct.

Although the auditors are not encouraged to criticize purely administrative matters, it is within their discretion to comment on financial consequences of administrative action, and the subcommittee found that they have not hesitated to do so. They do not have the power to disallow items in the accounts, but they can make such recommendations as they see fit to the Secretary General and the General Assembly. The report of the Board of Auditors is reviewed in detail by the Advisory Committee on Administrative and Budgetary Questions and is then transmitted to the Fifth Committee, which examines it and makes its recommendations with respect thereto to the General Assembly.

In addition to the external audit, the United Nations appears to maintain a detailed and thorough system of internal control of finance, similar to that used by the United States Government. The cus-

tomary procedures of appropriation, allotment, encumbrance, and certification are employed so as to insure that every expenditure is properly authorized; that funds are on hand for payment, and that the expenditure of budgeted amounts will be properly spread over the entire budgetary year.

(c) *The specialized agencies.*—The subcommittee found that each of the specialized agencies determines for itself the nature of its external audit and internal fiscal controls. Although systems used appear to differ, for the most part, financial regulations of the agencies provide for an adequate independent audit by well-known accounting firms. Recently, a number of agencies have adopted the audit principles and procedures followed by the United Nations, and arrangements have been made for a joint audit of the books and accounts of the United Nations and those specialized agencies which participate.

In a number of instances, reorganizations of the budget and finance bureaus of some of the agencies have resulted from recommendations made by the external auditor. Thus, the subcommittee found that in 1947, the Budget and Finance Branch of the Food and Agriculture Organization was reorganized and provision was made for an internal auditor, based upon recommendations made by the external auditor. During the early years of the United Nations Educational, Scientific, and Cultural Organization, fiscal practices were very loose. As a result, the Organization suffered a loss of some \$7,000 through the misappropriations of a dishonest cashier. The offender was tried and sentenced to a prison term, and the accounting practices and procedures of the Organization were completely overhauled in an effort to insure against the recurrence of such losses.

7. CONCLUSIONS WITH RESPECT TO BUDGETARY AND FINANCIAL PROCEDURES AND PROBLEMS

The subcommittee concluded that, while certain phases of the budgetary and financial procedures of the United Nations are adequate, there are basic deficiencies which seriously weaken the entire financial structure. These weaknesses appear to arise primarily out of the fact that the Secretary General has no real authority with respect to the formulation of the budget, the elimination of projects and programs undertaken, or the assignment of priorities to these programs and projects. In addition, the fact that projects and programs may be approved and undertaken by bodies other than the General Assembly, although the General Assembly is the only organ having power to appropriate the funds necessary to support these projects, serves further to impede the effective operation of the United Nations.

Since neither the Secretary General, the Advisory Committee on Administrative and Budgetary Questions nor the Fifth Committee have any authority to delete projects or even assign priorities to them, real control over the budget is practically impossible. This is further complicated by the fact that the United Nations uses an objects of expenditure budget rather than a performance budget, making it difficult, if not impossible, for the member governments adequately to appraise the value, productivity, and urgency of particular projects in relation to the over-all task of the Organization.

The General Assembly, which is the only body having the necessary authority, is neither equipped nor able, in the limited time at its disposal, to handle these matters.

Accordingly, the subcommittee is of the opinion that machinery is urgently needed which will afford some measure of real control over the budget process. Equally important is the adoption by the agencies of the United Nations system of a performance budget which would enable member nations to determine the desirable magnitude of major programs and functions in terms of the need, relation to other programs and proportion of total expenditures, as well as the degree of efficiency and economy with which these programs can be executed.

Finally, it appears that a stabilization of the budgets of the United Nations and the specialized agencies is of extreme importance if the concept of universality of membership and participation is to be maintained. The impact upon the financial resources of the member governments, from contributing to the United Nations system, attending thousands of meetings all over the world and maintaining permanent missions, has caused many of these governments serious concern, particularly in view of the fact that so large a proportion of these obligations are payable in hard currency. If member nations are unable to make the required contributions to the organizations concerned—and that is now happening in the case of a number of specialized agencies—the United Nations system will not be able to continue to perform its functions, particularly in the economic and social fields where much has been and is being accomplished.

D. PROGRAMS, PROJECTS, AND PRIORITIES

1. GENERAL

Because the programs and projects undertaken by the United Nations and the specialized agencies bear a direct relationship to the budgetary, financial, and administrative problems here under consideration, the subcommittee deemed it necessary to devote considerable time to this subject. Emphasis has been placed primarily upon the number of projects, their relative cost and urgency, and their relationship to the over-all objectives of the United Nations system. In this connection, attention has also been given to the necessity for the establishment of a system of priorities with respect to programs and projects.

2. PROGRAMS AND PROJECTS

(a) *Number and classification.*—The subcommittee found that during 1949 the United Nations and the specialized agencies undertook a combined total of 739 economic and social projects. During 1950, 723 such projects were under way.¹³⁷ The types of projects undertaken appear to fall into three categories: (1) technical, operational, or service activities, such as the technical work of the International Civil Aviation Organization, the financial operations of the International Bank and the International Monetary Fund, service operations of the United Nations International Children's Emergency Fund and the International Refugee Organization and the organization of special

¹³⁷ United Nations, *Catalogue of Economic and Social Projects, 1950, op. cit., supra*, note 91, p. 11

conferences; (2) studies, surveys, and investigations, primarily of a research character, the principal product of which is a report or other documents; and (3) activities which combine aspects of both (1) and (2).

The subcommittee found that the United Nations and the specialized agencies are engaged in such a variety of economic and social activities as to make any accurate and adequate classification a virtual impossibility. Substantiation for this conclusion is found in the following statement by the Secretary General in the introduction to the United Nations Catalogue of Economic and Social Projects:

It is impossible to devise a list of categories for the classification of so vast an array of activities which will be entirely satisfactory * * *¹³⁸

For want of a more adequate classification, the subcommittee used the United Nations own classification which divides the projects into three major categories: Economic questions, social questions, and general questions. Under economic questions, there are 8 general fields involving a total of 669 projects; economic surveys, involving 2 United Nations departments and 4 United Nations divisions, handling 9 projects; economic stability and employment, involving 4 United Nations departments, 7 United Nations divisions, and 3 specialized agencies, handling 59 projects; economic development and reconstruction, involving 4 United Nations departments, 11 United Nations divisions, and 6 specialized agencies, handling 146 projects; industry and raw materials, involving 4 United Nations departments, 8 United Nations divisions, and 6 specialized agencies, handling 79 projects; food and agriculture, involving 3 United Nations departments, 9 United Nations divisions, and 6 specialized agencies, handling 91 projects; international trade and finance, involving 3 United Nations departments, 10 United Nations divisions, and 7 specialized agencies, handling 99 projects; fiscal and public finance, involving 3 United Nations departments, 8 United Nations divisions, and 3 specialized agencies, handling 32 projects; and transport and communications, involving 4 United Nations departments, 9 United Nations divisions, and 6 specialized agencies, handling 154 projects.¹³⁹

The subcommittee found that under social questions there are 8 general fields, involving a total of 641 projects: Human rights, involving 3 United Nations departments, 5 United Nations divisions, and 3 specialized agencies, handling 53 projects; educational, scientific, and cultural activities, involving 4 United Nations departments, 9 United Nations divisions, and 6 specialized agencies, handling 174 projects; health (including nutrition), involving 6 United Nations departments, 9 United Nations divisions, and 6 specialized agencies, handling 116 projects; social security (including unemployment, old-age, disability and sickness insurance), involving 2 United Nations departments, 3 United Nations divisions, and 3 specialized agencies, handling 42 projects; social welfare (including rural welfare and standards of living), involving 5 United Nations departments, 7 United Nations divisions, and 5 specialized agencies, handling 125 projects; narcotics, involving 1 United Nations department, 2 United Nations divisions, and 2 specialized agencies, involving 21 projects; prevention of crime,

¹³⁸ *Id.*, at p. XII. A tabular breakdown of the classification of projects undertaken by the United Nations and the specialized agencies is found in appendix K.

¹³⁹ *Id.*, at pp. 430-422.

involving 3 United Nations departments, 6 United Nations divisions, and 2 specialized agencies, handling 50 projects; and relief and refugees, involving 5 United Nations departments, 5 United Nations divisions, and 4 specialized agencies, handling 60 projects.¹⁴⁰

Under general questions, there are 11 general fields, involving a total of 588 projects: statistics, involving 4 United Nations departments, 10 United Nations divisions, and 9 specialized agencies, handling 101 projects; industrial relations (including labor legislation and conditions of work), involving 3 United Nations departments, 6 United Nations divisions, and 2 specialized agencies, handling 83 projects; wages and other forms of remuneration, involving 3 United Nations departments, 4 United Nations divisions, and 1 specialized agency, handling 30 projects; population (including migration), involving 4 United Nations departments, 6 United Nations divisions, and 4 specialized agencies, handling 55 projects; manpower, involving 3 United Nations departments, 6 United Nations divisions, and 3 specialized agencies, handling 52 projects; housing and town and country planning, involving 3 United Nations departments, 4 United Nations divisions, and 3 specialized agencies, handling 35 projects; technical assistance, involving 5 United Nations departments, 13 United Nations divisions, and 7 specialized agencies, handling 148 projects; legal questions (excluding labor legislation and narcotics control), involving 3 United Nations departments, 8 United Nations divisions, and 6 specialized agencies, handling 75 projects; and three additional fields—coordination, implementation, and relations with nongovernmental organizations—involving a combined total of 5 United Nations departments and 1 specialized agency, handling 9 projects.¹⁴¹

It will be noted that, if the analysis given above is computed with respect to the number of projects undertaken during 1950, the combined total amounts to 1,898. On the other hand, according to the United Nations, 723 projects were undertaken during this period. The official explanation for this apparent discrepancy is that many of the projects and subject headings are closely interrelated, and it is often difficult to draw a line between them; since many of the activities or projects touch upon more than one field, the same project frequently has been listed under several subject headings; thus, although 723 projects have really been undertaken, for classification purposes, separate listings have been made in a considerable number of instances.¹⁴²

(b) *Nature of projects.*—The subcommittee is neither equipped nor inclined to enter into a detailed analysis of the 723 economic and social projects undertaken by the United Nations and the specialized agencies during 1950. Nor is it in a position to assess the relative value or urgency of these projects. A large number of titles were examined, however, and it is believed worth while to cite a few as illustrative of the nature of these undertakings:

Comparison of the Costs of Construction of Power Plants; Building Industry; Promotion of Tourist Travel; The Effect of the Chewing of the Coca Leaf; French Iron and Steel Industry; Problems of Agricultural Credit in South America; Technical Conference on Flood Control; Immi-

¹⁴⁰ *Id.*, at pp. 422-439.

¹⁴¹ *Id.*, at pp. 439-456.

¹⁴² *Id.*, at p. xlii.

gration to Latin America; Methods of Social Welfare Administration; Development of National Fisheries Programs; United States Market for Uruguayan Wool; Popularization of Science; Application of Penal Law to Women; Study of the Legal Status and Treatment of Women; Influencing Public Opinion to Improve the Status of Women; Educational Opportunities for Women; Taxation of Company Profits and Dividends; Promotion and Study of Coal Production; Comparison of the Costs of Transmission of Electric Power and Coal Transport; a Comparative Study of Civilizations; Translations of Great Books; Public Assistance to the Needy; Rural Social Centers; Assistance to Indigent Aliens; and Economic and Social Aspects of the Production and Use of Chemical Fertilizers.

Based upon the foregoing sampling, it appears that a considerable number of projects are academic rather than practical, and might have been left more properly to national governments, research agencies, or to nongovernmental international organizations.

(c) *Action by the United Nations with respect to projects.*—The subcommittee found that some of the organs of the United Nations have become seriously concerned with respect to the number and range of the projects. Thus, as early as 1947, the Advisory Committee stated, in reporting to the General Assembly on the 1948 budget:

The Committee believes that the schedule of meetings and the range of projects is now so extensive that there is a serious risk that in terms of achievement a law of diminishing returns may operate. * * * it does suggest strongly that it is possible to dissipate energies too widely. * * * the work of the United Nations could be improved in quality and effectiveness if it was consciously concentrated on the more urgent problems which confront the nations of the world. * * * it seems difficult to avoid the observation that some of the studies requested by commissions are academic rather than urgent or practical.¹⁴³

Subsequently, the General Assembly, at its second session, adopted a resolution requesting the Economic and Social Council—

to promote the most efficient and practical use of the resources of the United Nations and the specialized agencies by recommendation concerning the definition of responsibility for specific projects and concerning priorities for action. * * *¹⁴⁴

In 1948, the Advisory Committee again sounded a warning with respect to the large number of projects being undertaken, many of which were of doubtful urgency, recommending that "the members themselves take stock of the pace of international activities so as to achieve the necessary measure of stability in the fields covered thus far."¹⁴⁵

In reporting to the General Assembly with respect to the 1949 budget, the Fifth Committee stated:

It was the sense of the Committee that Member Governments * * * had a special responsibility to ensure that the activities and programs of the Organization during the coming year were kept within manageable proportions having regard to the resources available and the necessity of using those resources with economy and prudence.¹⁴⁶

In its report on the budgets of the specialized agencies for 1950, the Advisory Committee on Administrative and Budgetary Questions

¹⁴³ See *supra*, note 58, par. 25. [Italics supplied.]

¹⁴⁴ Resolution 125 (II), United Nations, General Assembly, *Official Records of the Second Session, op. cit.*, *supra*, note 48.

¹⁴⁵ See *supra*, note 59, par. 2.

¹⁴⁶ See *loc. cit.*, *supra*, note 124, par. 35.

again expressed concern over the multiplicity and proliferation of projects and recommended to the General Assembly that—

Each specialized agency and the United Nations are urged to give continuing attention to the relative urgency and productiveness of each of their projects, with a view to obtaining the best results from the expenditure for the administrative budgets of the United Nations, ILO, UNESCO, FAO, ICAO, WHO, IRO, ITU, and UPU.¹⁴⁷

In its final report on the United Nation's budget for 1950, the Fifth Committee observed:

Frequent references were made to the multiplication of United Nations activities and the danger of attempting to deal with too many problems too quickly. * * * it was also argued that if the United Nations limited itself to handling only essential and urgent problems which it alone was able to deal with, and if it slackened the tempo of its activities, questions of the highest priority and importance would then be more carefully and thoroughly prepared and considered by all concerned, and the Organization would then be made a more effective instrument of international collaboration than is the case at present.¹⁴⁸

At the close of its fourth session, in an attempt to meet the problem effectively, the General Assembly passed a resolution stating:

Considering that the proliferation of activities and the multiplicity of projects and programs may impair the effectiveness of the United Nations and the specialized agencies, impeding the necessary concentration on projects and programs of primary importance;

Considering, further, that the resulting excessive number of sessions and meetings, as well as the creation of subsidiary organs, is placing a severe burden on the technical and personnel resources of Member States, rendering difficult an adequate participation and representation of their Governments in international work.

Noting with concern that the majority of Member States are encountering increasing difficulties in meeting the contributions and other indirect expenses incidental to their membership in the various international organizations;

Bearing in mind that the coordination of the increasing activities of the international organizations already constitutes a very complex problem, which would be further aggravated by a too rapid growth of those activities;

Considering the desirability of concentrating the limited technical, administrative, and financial resources of Member States for the effective implementation of projects already approved or under consideration, which cover a wide variety of fields, and of limiting new initiatives, insofar as possible, to those which are of an urgent nature or deemed necessary to achieve the objectives of plans already initiated:

Resolves therefore—

1. To urge Member States to refrain from initiating new projects other than those which are urgently required and which can be effectively carried out;

4. To request the Secretary General to supplement the *Catalogue of Economic and Social Projects* with such information on costs and duration of projects described therein as may be available.¹⁴⁹

In its report on the 1951 budget, the Advisory Committee on Administrative and Budgetary Questions again stressed the need for retrenchment, as follows:

* * * it is observed that for the substantive departments generally, and for the Departments of Economic Affairs, and of Social Affairs particularly, including the regional economic commissions, the description given of proposed

¹⁴⁷ Sixth Report of the Advisory Committee on Administrative and Budgetary Questions on the Budgets of the Specialized Agencies for 1950, *op. cit.*, *supra*, note 64, p. 21, par. 1. This recommendation was adopted by the Fourth Session of the General Assembly in identical language, see *op. cit.*, *supra*, note 127.

¹⁴⁸ United Nations, General Assembly, Report of the Fifth Committee on Budget Estimates for the Financial Year 1950, *op. cit.*, *supra*, note 74, par. 9.

¹⁴⁹ Resolution 310 (IX), *op. cit.*, *supra*, note 127.

1951 work programs suggests that too much is being attempted too quickly. The Committee appreciates the fact that many of the activities to be undertaken derive from resolutions passed or requests made by the Councils and their commissions and committees during the past four years. * * * Sooner or later * * * a decision must be taken to stabilize at some reasonable level not merely in terms of posts and expenditures but more importantly in terms of work programs. *This, in turn, makes it imperative continuously to review the status of current programs on the basis of an established system of priorities. The Committee believes that this requirement applies with special force in the fields of economic and social affairs where, perhaps more than in any other, the number of potentially useful activities which the United Nations might undertake is virtually without limit.*

The problem is, in the opinion of the Committee, of an important and urgent character, the solution of which depends in large measure on the extent to which members states themselves are able to pursue consistent and coordinated policies in the various governing bodies and councils of the organizations concerned.¹⁵⁰

The series of criticisms, remarks, and resolutions quoted, culminated, during the fifth session of the General Assembly, in a resolution which recognized that the successful carrying out of the economic and social work of the United Nations and the specialized agencies was put in jeopardy by undertaking so many projects as to exceed the available technical, administrative, and financial resources and that these resources should be applied only where they are most needed. Accordingly, the Assembly called upon the Economic and Social Council and the specialized agencies to indicate, when new projects are adopted, which current projects may be deferred, modified, or eliminated to insure that the economic and social work of the United Nations and the agencies will be carried on most effectively.¹⁵¹ At the same time, the Assembly adopted another resolution urging the specialized agencies to intensify their efforts to stabilize their regular budgets by the elimination or deferment of less urgent projects.¹⁵²

3. THE NECESSITY FOR PRIORITIES

During the course of its examination of the operations of the United Nations system, the subcommittee was impressed with the fact that many of the important administrative and budgetary problems which are now the subject of so much complaint by member governments, bear a direct relationship to the number and type of projects which are undertaken. Almost from the beginning, the United Nations and the specialized agencies have exhibited a tendency to undertake far more than they can ever hope to accomplish, particularly in the economic and social fields, and very often without due regard for the importance of or the necessity for the work undertaken. Matters which should receive immediate attention have often been left undone, while funds and personnel are devoted to matters of little or no importance.

The subcommittee found that this tendency to undertake too much, without due regard to the relationship between any specific project and other projects already under way, appears to result primarily from an inclination on the part of member governments to sponsor or champion pet projects. Most of the member states have special interests and it is natural for them to attempt to promote these interests.

¹⁵⁰ United Nations, Advisory Committee on Administrative and Budgetary Questions, *Second Report of 1950 to the General Assembly, Official Records: Fifth Session, Supplement No. 7A*, U. N. Doc. A/1312, 4 August 1950, pars. 15-16. [Italics supplied.]

¹⁵¹ United Nations, General Assembly, *Resolution Adopted by the General Assembly at its 314th Plenary Meeting on 1 December 1950*, U. N. Doc. A/1589, 2 December 1950.

¹⁵² *Loc. cit.*, *supra*, note 133.

It is unfortunate that when the United Nations was created, no machinery was established for the determination of priorities. As matters now stand, neither the Secretary-General, the Fifth Committee, nor the Advisory Committee have any power to determine either the projects to be undertaken or the order in which they are to be carried out. The General Assembly, which possesses such authority, has no effective way, at present, in which it can exercise this authority with respect to the United Nations. With respect to the projects of the specialized agencies, the General Assembly has no authority at all. Thus, the only check on programs and projects and the priorities afforded them depends entirely upon the judgment and discipline of member nations.

Referring to this situation in a recent report, the Secretary-General observed:

* * * it must be emphasized that the scope of existing activities of the United Nations and the specialized agencies has been wholly determined by decisions of conferences of Member governments, and * * * success or failure of efforts to avoid "proliferation" will likewise ultimately depend upon the action taken by intergovernmental organs.¹⁵³

In 1947, the Advisory Committee expressed its concern over this situation, stating:

The Committee is impressed * * * with the need for the establishment of machinery to determine priorities. It believes that the United Nations needs first to decide the relative urgency of projects within its own wide range of activities; and that secondly, an over-all scheme of priorities be evolved to cover both the United Nations and the specialized agencies.¹⁵⁴

In a 1948 report of the Committee on Expenditures in the Executive Department, prepared by this subcommittee, it was stated that machinery for establishing priorities was urgently needed and that criteria should be developed for the guidance of the General Assembly. It was suggested that programs which are beyond the financial resources of the United Nations and the specialized agencies should be avoided; programs of interest to only a few of the member nations should be given a low priority; programs of interest to many, but not necessarily germane to the objectives of the agency concerned should be given a slightly higher priority; and programs of general interest and value should be given the top priority.¹⁵⁵

During its eleventh session, in 1950, responding to a request from the General Assembly, the Coordination Committee of the Economic and Social Council established criteria for priorities, based upon the principle that international action will be justified only in cases where the desired results cannot be achieved by unassisted national action with some degree of certainty and within a reasonable time; and that the proposed action must be technically sound and adopted to its purpose.¹⁵⁶ The Council pointed out that no single criterion was intended to be absolute, nor would all the criteria necessarily be applicable to every program or project under consideration. The tests to be applied are (1) urgency, with respect to whether there was a

¹⁵³ United Nations, Economic and Social Council, *Report by the Secretary General on Concentration of Effort and Resources of the United Nations and Specialized Agencies*, Official Records: Eleventh Session, UN Doc. E/1683, 10 May 1950, par. 6.

¹⁵⁴ See *supra*, note 58, par. 27.

¹⁵⁵ *United States Relations with International Organizations*, Preliminary Report, S. Rept. No. 1757, 80th Cong., 2d sess., pp. 18-19.

¹⁵⁶ United Nations, Economic and Social Council, *Report of the Coordination Committee*, UN Doc. E/1810, 5 August 1950. See also *loc. cit.*, *supra*, note 149.

pressing need for action of the kind proposed; (2) feasibility, with respect to whether qualified personnel could be made available; local conditions are favorable; and the governments concerned would participate; (3) scope, with respect to whether the proposed action would benefit directly or indirectly a significant number of member states and a significant number of people; (4) preparation and coordination; and (5) results, with respect to whether the results are likely to be significant in relation to the outlay of effort and financial resources and are likely to accrue in a reasonable time; whether they will be demonstrable; whether the states concerned will be in a position to carry on the proposed activities after they have ceased to be under international auspices; whether the proposed action will assist and stimulate national action so as to insure that the international effort expended produces the maximum results at national or regional levels; whether the proposed action will assist a significant number of member states or those people whose needs for economic and social advancement are greatest; and whether the proposed action will further significantly the total effort of the United Nations and the specialized agencies for the promotion of the economic and social objectives in the Charter.¹⁵⁷

During the fifth session of the General Assembly, a resolution was adopted approving these criteria and requesting each specialized agency to review its 1952 program during 1951, using these criteria and requesting the Economic and Social Council to review during 1951 the 1952 programs of the United Nations and the specialized agencies, applying the criteria; the Council was also requested to seek the assistance of the Advisory Committee on Administrative and Budgetary Questions in this connection, and to report the results of this review to the sixth session of the General Assembly.¹⁵⁸

4. CONCLUSIONS WITH RESPECT TO PROGRAMS, PROJECTS, AND PRIORITIES

Based upon its examination of the projects undertaken by the United Nations and the specialized agencies in the social and economic fields, the subcommittee concluded (1) that there are entirely too many programs and projects now under way, resulting in a proliferation of projects, meetings and conferences and a dispersion and dissipation of effort and resources; (2) that many of these projects are academic rather than practical, are of doubtful value, urgency and productivity, and duplicate other projects, in whole or in part; (3) that many of them should more properly and more profitably be left to national governments, research agencies or to non-governmental international organizations; and (4) that before new projects are undertaken, great care must be exercised to ascertain whether they will substantially benefit an appreciable segment of the people of the world and will further the objectives of the United Nations Charter.

The subcommittee is of the opinion that the criteria established by the Economic and Social Council are entirely satisfactory. However, no machinery has been set up to enforce these criteria and their application is again left to the discipline and restraint of member nations in the respective political organs of the various agencies. Accordingly,

¹⁵⁷ *Ibid.*

¹⁵⁸ *Loc. cit.*, *supra*, note 151.

the subcommittee recommends that immediate action be taken by the United Nations to establish machinery for the implementation and enforcement of these criteria, with respect to its own programs and projects. Although it would require amendment of the constitutions of the specialized agencies to empower the United Nations to enforce criteria with respect to their projects, such action should ultimately be taken, if coordinated work programs are to be undertaken and the limited resources available to the United Nations system are to be used for the greatest good of the greatest number. Finally, if the United Nations and the specialized agencies were to establish a consolidated budget, which would be of a performance or project type, as recommended by the subcommittee, many of the problems just described might well be overcome, resulting in substantially greater efficiency, economy and achievement.

E. PERSONNEL POLICIES AND PROCEDURES

1. GENERAL

The subcommittee devoted its major effort to the personnel policies and procedures of the United Nations, where the Secretariat is substantially greater in number than those of the specialized agencies and the problems are consequently greater. It should be noted, however, that prior to January 1, 1951, when a reorganization of the salary, allowance and leave system of the United Nations became effective, procedures and policies followed by the United Nations were similar in most instances, to those of the specialized agencies.

The subcommittee found that during 1950, the United Nations and 10 specialized agencies employed a combined total of approximately 9,790 persons, in New York, Geneva, and other places throughout the world.¹⁵⁹ Of this number, 3,994 were employed by the United Nations and 5,798 were employed by the 10 specialized agencies. With respect to the specialized agencies, a breakdown of these figures reveals that the distribution was as follows: UNESCO, 785; ILO, 550; FAO, 660; ICAO, 425; WHO, 614; IRO, 1,805; UPU, 18; ITU, 86; the International Bank, 400; and the International Monetary Fund, 455.¹⁶⁰

A review of the relationship between staff costs and the total expenditures of the United Nations between 1947 through and including 1950, revealed that during 1947, of a total expenditure of \$27,901,969, approximately \$18,699,499 was devoted to staff costs; during 1948, of a total expenditure of \$38,387,531, approximately \$21,775,861 went to staff costs; during 1949, of a total expenditure of \$42,575,368, approximately \$27,737,805 was devoted to staff costs; and during 1950, of a total expenditure of \$44,520,773, the United Nations paid out \$28,094,340 for staff costs.¹⁶¹

2. SALARY SCALES AND CLASSIFICATION

Until January 1, 1951, when a reorganization took place with respect to the United Nations salary, classification, allowance and leave system, salary scales ranged from an annual gross salary of \$1,860 (grade 1) to an annual gross salary of \$13,330 (grade 19).

¹⁵⁹ A chart showing the number of persons employed by the United Nations and the specialized agencies between 1947 and 1950 is found in appendix L.

¹⁶⁰ With respect to the Bank and the Fund, see Appendix A.

¹⁶¹ A chart showing the staff costs of the United Nations and certain of the specialized agencies between 1947 and 1950 is found in appendix M. For the relationship between staff costs and total budgets, see appendix D (1)-(9).

From grade 1 through grade 16, there were provisions for seven in-grade promotions; grade 17 provided for six; grade 18 for four; and grade 19 for three. A separate schedule was set up for manual workers.¹⁶² As a result of the United Nations staff assessment plan, however, net take-home pay, exclusive of allowances, ranged from \$1,580 (grade 1) to \$10,000 (grade 19).¹⁶³

The classified scale did not cover the Secretary General, Assistant Secretaries General and Top-Ranking Directors. Their salaries were fixed by the General Assembly in 1946 and were as follows: Secretary General, \$20,000; Assistant Secretary General, \$13,500; and top-ranking directors, \$11,000.

During its Third Session, in 1948, the General Assembly found that the Secretariat of the United Nations had been built up so rapidly, in an effort to keep pace with the growth of the Organization, that a number of serious problems had arisen which were found to be hampering seriously its efficiency and effectiveness. Accordingly, the Assembly appointed a committee of experts to review the entire personnel structure and to recommend changes wherever necessary. The Committee of Experts, headed by Arthur S. Flemming, was primarily concerned with the salary, allowance and leave system of the United Nations and limited itself to recommendations with respect to those matters.¹⁶⁴

Concerning the organization and classification of the staff, the Committee found that there was a lack of flexibility and versatility in the assignment of staff members; excessive frequency of reclassification of staff; inequality of treatment between comparable posts throughout the Secretariat; a tendency to overgrade posts and individuals both in the professional, secretarial and clerical levels; identification of individual staff members with mere grade numbers; and too wide a salary scale. As a result of these deficiencies, the Committee of Experts found that there was an extremely narrow conception of individual posts; a multiplicity of categories and grades; and an excessive overlapping of salary between one grade and the next.

To correct these efficiencies, the Committee recommended (a) an improved regrouping of posts into not more than four categories; and (b) a substantial reduction in the number of grades and levels. With respect to the salaries of the internationally-recruited staff, the Committee recommended certain changes in salaries and allowances. With respect to allowances, it was recommended that certain of them be altered and others entirely eliminated.¹⁶⁵

During its fifth session, the General Assembly adopted a resolution embodying a number of the recommendations of the Committee of Experts, to take effect on January 1, 1951.¹⁶⁶ Under the new system, the United Nations Secretariat (excluding the Secretary-General and

¹⁶² A schedule of United Nations annual salaries prior to January 1, 1951, is found in appendix N. A schedule of United Nations annual salaries for manual workers is found in appendix O.

¹⁶³ The United Nations staff assessment plan is a device whereby the Organization levies a tax upon all of its employees, based upon the principles of modern income tax systems. It is designed to equalize the salaries of those employees who are subject to national income tax with those who are exempt, and to eliminate within the United States a class of tax-exempt United States nationals. See report of this subcommittee, *op. cit.*, *supra*, note 6, pp. 30-32, for a further discussion of this matter.

¹⁶⁴ United Nations, General Assembly, Fifth Committee, *Report of the Committee of Experts on Salary Allowances and Leave Systems*, Official Records of the Fourth Session, Annex, vol. II, 1949, pp. 1-28.

¹⁶⁵ *Ibid.*

¹⁶⁶ United Nations, General Assembly, *Resolution Adopted by the General Assembly at its 326th plenary meeting on 15 December 1950*, UN Doc. A/1761, 2 January 1951.

the Assistant Secretaries-General) was organized into three main categories: (1) General service category, with five levels; (2) professional category, with five levels; and (3) principal officer and director category, with three levels. Separate salary tables were established for Field Service personnel and manual workers.¹⁶⁷

In the general service category, gross salary scales range from \$2,230, the entrance level, to \$4,250, the principal level. In the entrance level, provision is made for seven in-grade promotions; in the junior, intermediate, senior, and principal levels, there are eight in-grade promotions.

In the professional category, gross salary scales range from \$4,250 for assistant officer, to \$11,310 for senior officer. In the assistant officer level, provision is made for seven in-grade promotions; in the associate, second and first officers can receive nine in-grade promotions; and the senior officer can receive eight in-grade promotions.

In the professional officer and director category, salary scales range from principal officer, with an annual gross salary of \$13,330, to principal director, with an annual gross salary of \$17,000. With respect to in-grade promotions, provision is made for five principal officers; three for directors; and one for principal directors.

The Secretary-General receives an annual gross salary of \$33,000, supplemented by a \$20,000 comprehensive allowance, in lieu of all of the other allowances, discussed below, except travel allowances. Thus his gross total is \$53,000 per year. However, since his salary is subject to staff assessment plan deductions his annual net salary is \$40,000. Assistant Secretaries-General receive gross salaries of \$23,000 per year, equivalent to \$15,000 after staff assessment plan deductions. Their allowances will be described below.

3. UNITED NATIONS STAFF ALLOWANCES AND BENEFITS

The subcommittee found that United Nations staff employees are presently receiving approximately 11 different types of allowances in addition to miscellaneous travel allowances and 5 different types of welfare and insurance benefits. The allowances paid include (1) children's allowance; (2) education grant; (3) special post allowance; (4) language allowance; (5) repatriation grant; (6) rental allowances and subsidy; (7) representation allowance; (8) nonresident's allowance; (9) home leave allowance; (10) indemnity upon termination; and (11) income-tax reimbursement.¹⁶⁸

Prior to January 1, 1951, United Nations staff employees received nine allowances. Under the reorganization, three allowances were discontinued and five new ones were added. Those discontinued were (1) the cost-of-living allowance, which was incorporated into the regular salary scales; (2) the installation allowance; and (3) the temporary expatriation allowance which was replaced by a repatriation grant.¹⁶⁹

Travel allowances include (1) travel of staff members upon appointment; (2) travel of staff members upon official business; (3) travel of staff members upon change of official duty station; (4) travel of staff members on home leave; (5) travel of staff members upon separation;

¹⁶⁷ A schedule of United Nations annual gross and net salaries showing in-grade promotions is found in appendix P, tables I, II, and III.

¹⁶⁸ A description of each of these allowances is found in United Nations, Secretariat, *Secretary-General Bulletin No. 81, Revision 2, Staff Rules*, UN Doc. ST/AFS/SGB/Rev 2, 1 January 1951.

¹⁶⁹ A summary of United Nations staff allowances paid prior to January 1, 1951, is found in appendix Q.

(6) removal of staff members' effects; (7) travel expenses of dependents; and (8) transportation of the remains of deceased staff members to their homes or official duty station.

The staff benefits include (1) staff provident fund contribution; (2) staff pension fund contribution; (3) health insurance plan (medical and hospitalization insurance); (4) indemnity and compassionate payments; (5) workman's compensation insurance; and (6) group life insurance.

The representation allowance is paid only to a relatively small number of persons, including the Secretary-General, the Assistant Secretaries-General and the principal directors. In addition, the Secretary-General is authorized, in his discretion, to grant representation allowances to directors in special cases. These allowances are substantial and vary with the position held. Thus, as already indicated, the Secretary-General receives an annual allowance of \$20,000; Assistant Secretaries-General receive between \$7,000 and \$10,000, per year, at the Secretary-General's discretion; principal directors' allowances vary between \$1,000 and \$3,500 annually; and directors may be paid up to \$1,500. With respect to the Secretary-General and the Assistant Secretaries-General, the representation allowance is in lieu of all other allowances, except the five travel allowances described above, viz, travel on appointment, on official business, on change of duty station, on home leave, and on separation. Principal directors and directors receive representation allowances, as indicated, in addition to all other allowances.

The cost-of-living allowance, formerly paid separately, has been integrated with the regular salary scales. The home leave allowance had originally been fixed at 2-year intervals. The Committee of Experts concluded that 3-year intervals would be adequate and recommended accordingly. Following this recommendation, which was concurred in by the Advisory Committee, the Fifth Committee approved a draft resolution granting home leave at 3-year intervals. In an almost unprecedented move, the plenary session of the General Assembly overruled the Fifth Committee and continued the home leave at 2-year intervals.

Prior to January 1, 1951, the United Nations paid its staff members a temporary expatriation allowance consisting of \$250 per year for persons without dependents and \$500 per year for persons with dependents. This has been discontinued and replaced by a system of repatriation grants which are payable to all staff members who are separated from service under conditions other than summary dismissal, and who are not serving at an official duty station in their home country at the time of their separation. It is based upon the theory that staff members will have to reestablish themselves in their home countries after leaving the service of the United Nations and such reestablishment will entail expense and a period during which they may not have any income. Under the provisions of this grant, the amount payable depends upon the number of years of continuous service of the staff member away from his home country and his status with respect to dependents, those having dependents receiving double the amount received by those having none. The allowances run from 4 weeks' salary for staff members without dependents, having more than 2 years of service, to 14 weeks' salary for those who have

served more than 12 years. Persons having dependents receive double these amounts. The maximum payable, however, is \$2,500 for those without dependents and \$5,000 for those with dependents.¹⁷⁰

Another new allowance is indemnity upon termination which is payable to staff members serving under a temporary indefinite appointment who have completed more than 1 year of service. The allowance consists of payment equal to from 1 to 8 months of salary, depending upon length of service. However, those staff members whose appointments are terminated during their first year are not eligible for this allowance.¹⁷¹

When traveling on official business, United Nations staff employees receive the following daily allowances in lieu of subsistence: the Secretary-General, up to \$25; Assistant Secretaries-General, up to \$20; principal directors, up to \$15; senior officers, down to and including second officers, \$12.50; and all other, \$10.

Proponents of the very generous allowance and benefit system used by the United Nations, and, to some extent, by most of the specialized agencies, assert that these various allowances and benefits are necessary in order to make the service substantially as attractive to nationals of all members as it is to those of the United States. In order to accomplish this, they state, it is necessary to equalize the differing cost of living, since it is assumed that personnel recruited from abroad will experience, temporarily at least, higher costs of living than those faced by persons already established, who have homes and are familiar with local business customs and conditions. A further consideration is the fact that it is necessary to enable nationals of the various member governments to work for the United Nations in the United States without causing them or their families to become completely divorced from their national lives and associations. Thus, liberal home leave, education, and repatriation grants are necessary. In addition, it is argued that cost-of-living allowances, recently included in the base salary scales, were necessary in order to take into account rising living costs subsequent to the fixing of the salary scales. In other words, it was felt that in order to attract the highest type of personnel, every effort had to be made to insure that persons accepting posts with the United Nations would be compensated for any financial or cultural losses which they or their families might suffer as a result of their separation from their own environments.

4. RELATIONSHIP BETWEEN EXPENDITURES, STAFF COSTS, AND ALLOWANCES AND BENEFITS

The subcommittee found that staff costs usually account for between 60 and 70 percent of the annual expenditures of the United Nations, and allowances and benefits usually account for between 25 and 30 percent of the staff costs. The following table will serve to illustrate the relationship between annual expenditures, staff costs, and staff allowances and benefits.

¹⁷⁰ A chart showing United Nations repatriation grants is found in appendix P, table IV.

¹⁷¹ A chart showing United Nations payments for indemnity upon termination is found in appendix P, table V.

United Nations

	Expenditures	Staff costs	Allowances and benefits		Expenditures	Staff costs	Allowances and benefits
1947-----	\$27,901,969	\$18,699,499	\$4,936,350	1949-----	42,575,368	27,737,805	6,665,227
1948-----	38,387,531	21,775,861	6,001,556	1950-----	44,520,773	28,094,340	6,748,050

Specialized Agencies (1950)

	Expenditures	Staff costs	Allowances and benefits		Expenditures	Staff costs	Allowances and benefits
FAO-----	\$5,000,000	\$3,643,860	\$679,405	UNESCO----	8,000,000	4,729,120	1,072,418
ILO-----	6,023,526	3,979,926	932,908	WHO-----	7,501,500	4,450,923	1,116,597

5. CONCLUSIONS WITH RESPECT TO PERSONNEL POLICIES AND PROCEDURES

With respect to personnel policies generally, the subcommittee concluded that in both the United Nations and the specialized agencies, too much emphasis is placed upon recruiting specialists and experts. It is obvious, of course, that the technical nature of the work of some of the organizations in the United Nations system requires persons who have had experience in particular fields. However, when a substantial portion of the staffs of these organizations are specialists in fairly narrow fields, a lack of flexibility is bound to occur which results inevitably in the translation of all new work into requirements for extra staff.

In the opinion of the subcommittee, if the emphasis were placed upon a high general education and intellectual qualifications, persons entering the service of the United Nations or the specialized agencies would be able to develop a versatility which would be far more desirable and which would enable the development of a real career staff. This would also enable the accomplishment of economy with respect to staff costs, since it would not be necessary to pay such persons the very high salaries which must be paid to recognized technical experts. Furthermore, it would be possible to transfer such career staff from department to department, as the workload in one department increased and that in another decreased. If the services of experts are required, they should be retained on a noncareer basis for limited periods of time. If a genuine career service is to be built up, composed of persons whose character and ability are of the highest type and who will ultimately be able to meet the variety of situations which arise from day to day in the United Nations system, an independent international civil service commission should be established, which would set up uniform qualification standards, recruitment policies, competitive examinations, standard classification patterns and uniform salary and allowance scales. This would insure the recruitment of persons having qualifications which would enable them to transfer from one agency to another. Thus, if the workload in one agency decreased, necessitating the termination of the services of qualified personnel on a reduction-in-force basis, such personnel could be placed in another

agency, having an increased workload, and having need for personnel so qualified.

It should be noted that the subcommittee received reports that political pressure has been brought on high-ranking officials of the United Nations and the specialized agencies to hire various persons whose qualifications are often doubtful. Representatives of national governments have undertaken to place retired civil servants or military and naval personnel in positions with the various agencies. This constitutes a serious burden upon the administrative heads of the United Nations and the specialized agencies which could be avoided if standard qualifications and competitive examinations were required of all applicants for professional positions.

With respect to the salary and allowance system, the subcommittee concluded that the various allowances paid to staff members of the United Nations and the specialized agencies bring their already high salaries considerably out of line with those paid to United States nationals and nationals of other countries for similar work.

Under existing practices, high-ranking United Nations personnel, below the level of Assistant Secretary-General, can often implement their annual net salaries by as much as \$4,000 as a result of the generous allowances paid. An officer in the intermediate brackets with an annual net salary of \$6,000 per year can actually take home an additional \$1,200 annually. In both instances, these incomes are free from taxation, except for the staff assessment plan levy, which has already been computed and is reflected in the difference between gross and net salaries, noted in appendix P. In the case of United States nationals, although they are subject to national income tax, as well as the staff assessment plan, the Organization reimburses them for the former, thus freeing them from any loss. In addition to all this, upon terminating their service, United Nations personnel, other than United States nationals, receive a generous repatriation allowance which can amount to as much as \$2,500 if they have no dependents and \$5,000 if they have dependents.

The subcommittee realizes that it is necessary for the United Nations and the specialized agencies to attract the highest type of personnel for the tasks which they must accomplish, and that such persons should not be expected to suffer financial hardships or disadvantages. However, it is of the opinion that the allowances paid are excessive in some instances and unwarranted in others. Outstanding men and women are definitely needed if international organizations are to make a vital contribution to solving the complex and tremendously important problems which now confront the world. However, it hardly seems in order to offer them such extraordinary inducements, in view of the fact that their basic salaries are clearly adequate and they have assurance, to some degree, of a permanent place in a career service.

F. THE PROBLEM OF COORDINATION

1. GENERAL

The subcommittee found that a general lack of effective coordination exists between the United Nations and the specialized agencies and between the specialized agencies themselves. This situation has resulted in (1) a duplication of activities and services by the

various international organizations; (2) the adoption of conflicting policies by the various agencies; (3) unduly heavy or unacceptable demands upon the financial and personnel resources of member governments; and (4) the development of competition between the various organizations for funds, personnel, and projects, rather than the cooperation necessary and envisioned by the United Nations Charter, coupled with development of an attitude of independence and sovereignty on the part of the specialized agencies.

Under the Charter of the United Nations, provision is made for coordination to be effected between the United Nations and the specialized agencies in the following ways: (1) Under article 17, the General Assembly is directed to examine the administrative budgets of the specialized agencies with a view to making recommendations to the agencies concerned; (2) articles 57 and 63 provide that the specialized agencies shall be brought into relationship with the United Nations in accordance with agreements entered into by the Economic and Social Council, subject to the approval of the General Assembly; (3) article 63 also authorizes the Economic and Social Council to coordinate the activities of the specialized agencies through consultation with and recommendations to such agencies and through recommendations to the General Assembly and to the members of the United Nations; (4) article 58 states that the Organization shall make recommendations for the coordination of the policies and activities of the specialized agencies; and (5) under article 64, the Economic and Social Council is authorized to make arrangements with the specialized agencies and the members to obtain reports on the steps taken to give effect to its recommendations and to those of the General Assembly.

In discussing the relationships between the specialized agencies and the United Nations, the Preparatory Commission of the United Nations observed:

* * * The objectives of the United Nations in the realm of economic and social cooperation and the effective functioning of the specialized agencies will be more fully achieved if a close relationship is established between the United Nations and the agencies. The agreements to be concluded between the United Nations and the specialized agencies should furnish a basic arrangement which will facilitate the achievement of these objectives and enable the United Nations and each of the specialized agencies to discharge their responsibilities in their respective fields. * * * 172

In an attempt to implement those provisions of the Charter relative to coordination, and the suggestions of the Preparatory Commission, many steps have been taken and much elaborate machinery has been set up. Bodies which are now concerned with this problem include the General Assembly, its Second, Third, and Fifth Committees; the Advisory Committee on Administrative and Budgetary Questions; the Economic and Social Council; its regional commissions; three of its functional commissions (Economic and Employment, Transport and Communications, and Social); and its Coordination Committee. In addition, there are the Administrative Committee on Coordination, consisting of the Secretary-General of the United Nations and the heads of the specialized agencies, its subsidiary committees, and various other bodies, too numerous to mention. Finally, several major

¹⁷² Report of the Preparatory Commission, *op. cit.*, *supra*, note 42, p. 40.

sections of the Secretariat are concerned with the problem of coordination and have important functions in this respect.

The subcommittee found that some degree of coordination has been accomplished as a result of all of this action, coupled with informal exchanges between individual members of the secretariats of the United Nations and the agencies. Thus, during the past year, formalized cooperation among the United Nations and the specialized agencies has taken the form of joint working parties, working groups, joint studies, studies made by one organization at the request of another, joint secretariats for particular projects involving several organizations, joint committees, seminars, exchange of personnel on loan, technical advice from one agency to another, cooperation in particular projects, joint publications, joint missions, and joint conferences.

The subcommittee found that basically, however, the situation remains the same and duplication, overlapping, and their consequent waste still exists. Numerous meetings devoted to the problem of coordination are held by the various bodies listed above throughout the year; and considerable time, personnel, and funds are now being devoted to the problem, accompanied by a substantial amount of documentation. As a result, coordination appears to have become one of the major problems of the United Nations, rather than a means to promote the objectives of the Charter.

It was hoped that the agreements referred to in article 63 would enable the United Nations to effect some substantial degree of coordination. For the most part, however (with the exception of the Bank and the Fund which have retained even a larger degree of independence than the other agencies), they contain merely a list of reciprocal privileges and obligations. Provision is made for reciprocal attendance at meetings without vote, the reciprocal right to propose agenda items and the full exchange of information and documents, the coordination of statistical work, and the financing of common services. Consultation on matters of general policy is also a joint obligation. The specialized agencies assume unilateral obligations only (1) to furnish assistance to the Security Council and the Trusteeship Council; (2) to submit to the United Nations regular reports on their activities and to report on the action taken on recommendations addressed to the agencies by the General Assembly and the Economic and Social Council; and (3) except for the Bank and the Fund, to transmit their annual administrative budgets to the General Assembly for examination and recommendations. The desirability of close budgetary and financial arrangements is recognized but details are left to the future. Thus, most of the agreements provide only that the agencies agree to consult with the United Nations concerning the possibility of making appropriate arrangements for the inclusion of their budgets within a general budget of the United Nations. The agreements also recognize that it is desirable to have common headquarters, a single unified international civil service, and common technical services.

To date, 11 such agreements have been entered into between the United Nations and the specialized agencies,¹⁷³ but they have not

¹⁷³ Texts of most of the agreements between the United Nations and the specialized agencies will be found in *Yearbook of the United Nations*, 1946-47.

succeeded in any substantial measure, simply because they are not binding contracts by which the specialized agencies undertake to subordinate any of their constitutional prerogatives and independence for the achievement of the common good. They are merely agreements to cooperate and nothing more. In effect, they are "treaties" between sovereign equals in which relationships are kept at arm's length. It is interesting to note that throughout the negotiation of these agreements between a subcommittee of the Economic and Social Council and representatives of the agencies, both sides are reported to have insisted on what may be termed their "legal rights."¹⁷⁴

A full analysis and discussion of the problem of coordination would require a separate report. At this time, it is possible only to refer to three of its more important aspects: (1) Coordination of national policy, (2) program coordination, and (3) administrative and budgetary coordination.

2. COORDINATION OF NATIONAL POLICY

The subcommittee found that a considerable portion of the problem of coordination appears to be due to the failure of national governments to achieve coordination in the formulation of their own policies with respect to participation in international organizations. This has given rise to several undesirable situations: (1) Two or more delegates of the same country offer the same program or project in the United Nations and one or more of the specialized agencies; (2) representatives of a given country take different positions with respect to the same question before different bodies; and (3) the tendency by some governments to request technical advice on the same or similar subjects from two or more agencies as well as from other bodies. A variation of this is found where two or more departments in the same government address requests for advice or services to the same agency.

As an example of the first situation, a delegate of a given country offers a project on nutrition at a meeting of the World Health Organization and his colleague from the same country offers a similar project at a meeting of the Food and Agriculture Organization. It is even conceivable that a third delegate from the same country may offer a similar project before one of the subordinate bodies of the United Nations. Such a practice is, of course, bound to result in duplication, proliferation, and waste.

As an example of the second situation, a delegate of a given country offers a project before one of the technical, political bodies. He fights for it with vigor and secures its adoption. When the matter comes before the financial committee (the Fifth Committee in the case of the United Nations) for the appropriation of funds to enable the accomplishment of the project, the representative of the same government in that committee rises and opposes the appropriation of funds for that project with equal vigor and determination. Such a practice can serve only to add confusion and to hinder effective accomplishment.

In the opinion of the subcommittee, it is imperative that member governments of the United Nations and the specialized agencies take

¹⁷⁴ See *Coordination of Economic and Social Activities*, United Nations Studies No. 2, Carnegie Endowment for International Peace, 1946, p. 13.

immediate steps to insure the effective coordination of national policy, generally, and to insure that delegates of the same government speak with the same voice on the same problems in the various organs of the United Nations system. If, prior to sessions of the organs of the United Nations system, these governments would undertake systematic briefings of all of their delegates to the various bodies and agencies, duplication, overlapping, and confusion might be substantially decreased.

3. PROGRAM COORDINATION

The subcommittee found that there appears to be considerable duplication and overlapping between the programs undertaken by the United Nations and the specialized agencies and between those undertaken by the agencies themselves. The problem is encountered specifically in a situation where two or more agencies undertake a task without adequate planning or consultation. Each agency feels that the particular operation is within its jurisdiction and, as a result, two agencies use personnel and funds to accomplish that which should have been undertaken by one of them. Another phase of the same problem is found in the situation where several agencies consider a problem and each decides that it is within the jurisdiction of the other. As a result, none of the agencies perform the work.

It has already been noted that considerable efforts are being made to achieve program coordination, notably by the Administrative Committee on Coordination and by means of the Economic and Social Council's *Catalogue of Social and Economic Projects*.¹⁷⁵ To date, however, there has been doubtful progress. It would appear that under the circumstances there is an urgent need for the careful planning of work programs in advance of sessions. In other words, there must be advance consultations on, and the careful planning of, all projected programs.

In the opinion of the subcommittee, however, the problem is more fundamental and arises directly out of the structure of the United Nations system. Since the specialized agencies are independent constitutional bodies, the United Nations has no authority to pass upon their operations effectively. All that the United Nations can do is make recommendations which the agencies are free to accept or reject as they see fit.

If any effective program coordination is to occur, some sort of central program planning and control must be established. Thus, if the General Assembly or some other organ of the United Nations were given authority to allot projects and programs, after passing upon their feasibility, urgency, and productivity, duplication and overlapping might be eliminated and considerable economy might result. This is, of course, difficult to achieve, since it would probably require amendment of the constitutions of the specialized agencies which continually resist any attempt to undermine what they wrongly consider their independence. Another alternative, which will be discussed in connection with administrative and budgetary coordination, is the adoption of a consolidated project budget. Although this might well be effective in eliminating duplication, it is fraught with the same constitutional problems.

¹⁷⁵ See *supra*, sec. D.

4. ADMINISTRATIVE AND BUDGETARY COORDINATION

(a) *General*.—When the United Nations system was being organized, it was hoped that common administrative services might be set up for the entire system and that close budgetary and financial arrangements would be established. In this way it was hoped that the anticipated duplication and overlapping, resulting from the decentralized nature of the structure, might be corrected, if not eliminated. Thus, the Preparatory Commission recommended that, where possible, arrangements should be made for common fiscal and technical services, personnel arrangements, headquarters, regional and branch offices, joint pension and audit schemes, etc.¹⁷⁶

Unfortunately, despite the inclusion in the agreements between the United Nations and the specialized agencies of provisions to effect coordination of these matters, and despite numerous attempts by means of resolutions of the General Assembly, and the establishment of elaborate machinery, effective coordination has not been accomplished. As a result, costly duplication of functions, activities, and services exist which are accompanied by unwarranted and unnecessary expenditure of funds.

(b) *Administrative and professional services*.—The subcommittee found that each of the specialized agencies maintains its own independent system of administrative and professional services which might well be coordinated with those of the United Nations and the other agencies, if the location of their respective headquarters made such action possible. Despite the recommendation of the Preparatory Commission that offices be maintained centrally, where possible, the United Nations and the specialized agencies are dispersed throughout the world, in 53 headquarters, branch, and regional offices, located in 9 cities in 8 countries in the Western Hemisphere; in 9 cities in 8 countries in Europe; in 2 cities in 1 country in the Middle East; and in 6 cities in 4 countries in Africa, Asia, and the Far East. This situation has made impossible any really effective coordination of administrative and professional services.

In connection with the location of headquarters, the subcommittee learned that the Secretary-General of the United Nations offered the Food and Agriculture Organization five floors in the new headquarters building in New York for as long a period as necessary, pending the erection by the FAO of its own building, at no other charge other than the cost of finishing the floors and such other minor costs as the United Nations might have. In addition, the FAO was to have, entirely free of charge, the use of all of the conference facilities and translating and interpreting service. Despite the fact that the FAO was obligated by the terms of its agreement with the United Nations to establish its permanent headquarters at the permanent seat of the United Nations, subject to certain conditions which appear to have been met, the FAO proceeded to negotiate a \$7,000,000 loan from the United States to erect a building in Washington. Having failed to obtain the loan, the Organization thereupon voted to establish its permanent headquarters in Rome, Italy, and attempted to borrow \$1,000,000 from the United States to enable the move. Having again failed to obtain the loan, the FAO borrowed \$800,000 from the United Nations for this purpose.

¹⁷⁶ Report of the Preparatory Commission, *op. cit.*, *supra*, note 42, pp. 40-48.

Despite the decentralization of the agencies of the United Nations system, the subcommittee believes that central or common facilities with respect to transportation, communications, purchasing, and supplies can be maintained in Geneva for all of those agencies and organs of the United Nations system which are located in or near that city. Furthermore, central facilities can also be set up for such professional services as translators and interpreters, legal personnel, and budgetary and financial experts. This would enable the accomplishment of substantial economies by effecting the elimination of the duplication which now exists with respect to these services.

The subcommittee learned that steps are now under way to accomplish this centralization. In addition, arrangements are being made for the effective standardization of personnel regulations, recruitment procedures, joint audit and pension schemes, and other devices designed to bring about more effective coordination. In the light of past experience, however, the subcommittee has some doubt as to how effectively this will work out, in view of the continued attitude of independence displayed by the specialized agencies.

(c) *Budgetary and financial coordination.*—As previously indicated, the subcommittee is of the opinion that effective budgetary and financial coordination is the key to many of the problems resulting from the decentralized structure of the United Nations system. At present, each specialized agency determines its own programs, projects, and budget. The General Assembly can only examine them and make recommendations which may be followed or ignored by the agencies, as they see fit.

For some time the subcommittee has felt that the only effective manner in which the budgets of the United Nations and the specialized agencies could be effectively controlled, and duplication of projects and programs eliminated, would be by the device of a consolidated or centralized project budget. Under this procedure, after the specialized agencies had approved their respective programs and voted their budgets, these budgets would then be consolidated with the budget of the United Nations and reviewed by the Fifth Committee, subject to the same procedures and at the same time as the budget of the United Nations. An alternative would be to have the budgets of the agencies considered by the United Nations separately, rather than in a consolidated form. Although the technique would be slightly different, the result would be the same. It would enable a unified review of projects and their costs and enable the member governments of the United Nations and the specialized agencies to determine, at one time and at one place, the extent of their financial obligations with respect to the United Nations' system. Projects which duplicate other projects could be eliminated, real budgetary and program control could be instituted and substantial economy achieved. It should be noted that the League of Nations and the International Labor Organization had a consolidated budget system which worked very satisfactorily.

During the early sessions of the United Nations, this question was debated at some length by the General Assembly. In 1948, the Administrative Committee on Coordination reviewed the entire question. Inquiries were sent to the specialized agencies soliciting their views with respect to a consolidated budget. An examination of the replies of the specialized agencies reveals that, for the most part,

they took refuge in the provisions of their constitutions and their agreements with the United Nations.¹⁷⁷ Generally, the replies received which were almost entirely negative, pointed out (1) that machinery already established was capable of avoiding duplication of effort; (2) that program coordination was basic to budgetary coordination and a prerequisite to it; (3) that it would be premature at that stage to attempt to go further in the direction of purely budgetary consolidation or unification in view of the political and constitutional problems involved in effecting a consolidated budget; and that (4) any further action rested with the member governments themselves, acting consistently in all of the organizations involved.¹⁷⁸

In its report on this question, the Administrative Committee on Coordination noted that four steps would have to be taken before it would be feasible to adopt a unified or consolidated budget: (1) the constitutions of the specialized agencies would have to be amended so as to provide for a transfer of the budget-making powers from the constituent assemblies of the agencies to the General Assembly; (2) changes would have to be made in the character of the General Assembly delegations; (3) the General Assembly would have to provide for lengthening its sessions, so as to afford it sufficient time to perform at one time and place the budget task now performed by the financial committees, governing bodies, and conferences of the various individual agencies; and (4) a means would have to be found of overcoming the divergence of membership between the United Nations and the specialized agencies, since none of the agencies have as members all of the governments represented in the United Nations and some of the agencies have as members, governments which do not belong to the United Nations and are, therefore, not represented in the General Assembly. This situation, it was felt, would make it difficult, if not impossible, for the members of the specialized agencies, which are not members of the United Nations, to enjoy an equal voice in the adoption of the budgets of the agencies of which they are members, and would involve vesting in the members of the United Nations, not members of the agencies, a measure of responsibility in regard to those budgets which would not be acceptable to the constituent assemblies of the agencies concerned.¹⁷⁹

In view of these considerations, the Committee came to the conclusion that a consolidated budget to be approved by the General Assembly, however desirable it might be as a long-term development, was not immediately practicable and could only be achieved by a whole series of related decisions and not by unilateral action of the General Assembly. It therefore recommended that existing machinery for the achievement of coordination be put to a fair test, particularly in view of the many obstacles, political, constitutional, and technical, to the adoption of a consolidated budget.

The subcommittee cannot agree with the conclusions of the Administrative Committee on Coordination. It is true that there are obstacles. However, given the will to cure existing weaknesses and achieve substantial economy, efficiency, and conservation of resources, a

¹⁷⁷ United Nations, Economic and Social Council, *First Report of the Coordination Committee*, UN Doc. E/614, 29 January 1948, Annex V.

¹⁷⁸ See United Nations, General Assembly, *Report of the Secretary-General on Administrative and Budgetary Coordination of the United Nations and the Specialized Agencies*, UN Doc. A/599, 5 August 1948, pp. 13-16.

¹⁷⁹ *Ibid.*

consolidated budget system can be adopted. Since the majority of the member governments of the agencies are also members of the United Nations, no sound reason appears to exist for their failure to amend the constitutions of these agencies. With respect to program coordination being basic to budgetary coordination, the subcommittee is of the opinion they are intertwined inseparably, with one dependent upon the other. If effective budgetary coordination is achieved, effective program and project coordination will follow. There appears to be no good reason why necessary changes could not be made in the character of General Assembly delegations and provision could easily be made for lengthening the session of the Assembly. With respect to the problems presented by divergent membership in the United Nations and the specialized agencies, procedures could easily be worked out whereby the section of the budget relating to each specialized agency would be initially voted in the General Assembly only by those member governments which are members of that agency. Thus, when the Fifth Committee of the General Assembly is dealing with the budgets of the specialized agencies, members of the United Nations which are not members of a particular agency would not participate in the consideration of the budget of that agency. Arrangements can also be worked out whereby members of specialized agencies which are not members of the United Nations would be able to debate and vote on the budgets of those specialized agencies to which they belong. Arrangements of this kind between the International Labor Organization and the League of Nations have proved to be satisfactory. Finally, following such initial action on the budget of each agency, the consolidated budget of the United Nations and the agencies included therein could then be approved by the General Assembly in plenary session.

In the opinion of the subcommittee, these suggestions are all feasible. They continue to be opposed in various quarters because, during the past 5 years, two types of vested interests have arisen: (1) vested interests in the maintenance and growth of independent international organizations; and (2) vested interests in the members of international secretariats.

Various steps have been taken to enable the achievement of budgetary and financial coordination. Thus, it appears that uniform financial regulations have been worked out by the United Nations and the specialized agencies and are about to be adopted by the agencies; standard patterns of budget forms are now in use so that most of the agencies present their budgets to the United Nations in a uniform manner; a joint audit system and a joint pension system have been adopted; and, with the exception of the bank and the fund, all of the agencies now submit their budgets to the General Assembly for examination and recommendations. In addition, at every session of the General Assembly, resolutions are adopted requesting, recommending to, and pleading with, the member governments of the United Nations and the specialized agencies and the agencies as well, to do everything in their power to insure budgetary and financial coordination. The difficulty lies in the fact that these measures have proved to be inadequate. They entail a great deal of labor and expense and do not appear to afford any commensurate return in the form of effective coordination.

5. CONCLUSIONS WITH RESPECT TO COORDINATION

The subcommittee concluded that there is a serious lack of coordination between the United Nations and the specialized agencies and between the specialized agencies themselves. The need for effective coordination with respect to national policy, programs and projects and administrative and budgetary matters is now so urgent as to require immediate action and attention if the existing duplication, overlapping and wasteful practices are to be eliminated.

Numerous attempts to secure effective coordination, during the past 5 years, have involved such tremendous amounts of effort by a myriad of committees and subcommittees, requiring so many hours of debate and mountains of documents that coordination may be said to have become one of the major programs of the United Nations, rather than a means to effect the objectives of the Charter. These efforts have proved ineffective, however, because the basic problem is structural and arises out of the decentralized nature of the United Nations system. Therefore, the administrative techniques which have been used in an attempt to cure existing weaknesses have not been successful.

The subcommittee is of the opinion that effective coordination can be achieved only if some measure of real control over the budgets and programs of the specialized agencies is given to the General Assembly. This, in turn, can be accomplished only by amendment of the constitutions of the specialized agencies, designed either to afford to the General Assembly effective control over programs and projects of the agencies, or to provide for the inclusion of the budgets of the agencies within a consolidated budget of the United Nations, to be approved by the General Assembly. These steps are matters of policy which can be taken by the constituent bodies of the agencies. In view of the fact that the greater number of member governments of the United Nations are also members of the specialized agencies, it is perfectly ridiculous for the very governments which decry, in the General Assembly, the waste resulting from duplication and overlapping, to argue, in the specialized agencies, that constitutional changes are very difficult or virtually impossible. The truth of the matter is that changes are opposed by those who have vested interests either in the growth and independence of international organizations or in international secretariats, and in their zeal to protect those interests, they have tended to overlook the fact that the specialized agencies were created as a means whereby the provisions of the Charter, relative to international economic and social cooperation, might be furthered, and not as an end in and of themselves.

Senator Arthur H. Vandenberg was certainly correct when he stated at a meeting of the Fifth Committee, during the first session of the General Assembly, that the problem of the relationships between the United Nations and the specialized agencies was as important for the future of the Organization as the matter of the veto. It is clear that if the limited resources available to the United Nations system are to be used effectively, instead of being dissipated by duplication, overlapping and wasteful practices, immediate action is necessary.

G. FINDINGS AND CONCLUSIONS

1. FINDINGS

With respect to the interest of the United States in the United Nations system, the subcommittee found:

(1) The United States has a vital and abiding interest in the effective and successful operation of the United Nations system as demonstrated by the fact that (a) active participation by the United States in the United Nations and its specialized agencies has become an integral part of the over-all policy of this Government in its effort to achieve international peace and security through joint action and cooperation with all other like-minded nations; (b) United States contributions and outlays to the United Nations and its specialized agencies, emergency relief projects and advances to the United Nations building loan have totaled approximately \$424,000,000 from fiscal year 1946 through and including fiscal year 1950; and if departmental and other costs of participation are added, the total outlays during this period amount to approximately \$436,000,000; and (c) United States outlays and contributions to the United Nations system and emergency relief projects average approximately 50 percent of the total budgets and expenditures of these organizations.

(2) To the extent that the United Nations is successful in achieving the objectives set forth in its Charter, the foreign policy of the United States will be successful. Conversely, failure of the United Nations to achieve its vital aims and objectives will mean the failure of American foreign policy.

With respect to expenditures by the United Nations and the specialized agencies, the subcommittee found:

(1) Between 1946 through and including 1950, the United Nations and the specialized agencies have expended a total of approximately \$857,000,000. Of this amount, \$574,692,367 was expended by the United Nations and the International Refugee Organization in connection with emergency relief programs and special activities; \$172,775,641 represents regular annual expenditures by the United Nations and \$109,466,019 represents regular annual expenditures by the permanent specialized agencies.

(2) On an annual basis, total expenditures by the United Nations and the specialized agencies for all purposes amounted to \$28,310,107 for 1946; \$46,003,074 for 1947; \$169,842,160 for 1948; \$287,190,428 for 1949; and \$325,588,705 for 1950.

(3) Regular annual expenditures of the United Nations, exclusive of emergency relief programs and special activities, amounted to \$19,390,000 in 1946; \$27,901,969 in 1947; \$38,387,531 in 1948; \$42,575,368 in 1949; and \$44,520,773 in 1950. Regular annual expenditures and appropriations for seven specialized agencies amounted to \$17,285,864 in 1947; \$24,221,420 in 1948; \$27,403,961 in 1949; and \$31,634,667 in 1950.

(4) Virtually all of these expenditures reflect programs and projects voted by the various governing bodies of the United Nations and the specialized agencies, and are supported almost entirely by contributions of member governments.

With respect to the budget process in the United Nations and the specialized agencies, the subcommittee found:

(1) The budget process followed is an intricate and complex

operation involving a varying number of bodies and entailing much time and effort. In the United Nations, six major steps are involved between the submission of the annual budget by the Secretary General and its adoption by the General Assembly. The process in the specialized agencies is less intricate and involves less complicated procedures.

(2) In the United Nations, there is adequate budgetary *review* but inadequate effective budgetary *control*. The Secretary General formulates his budget estimates on the basis of the programs and projects which have been authorized by the various political bodies in which projects are offered by representatives of member governments. All that the Secretary General is able to do in his budget document is interpret these projects and programs in terms of the cost of meetings, personnel, common services, etc. He has no authority to eliminate any projects; nor can he override the action of the political bodies. His authority is limited to giving advice and making recommendations to the governing organs, and he is unable to use the budget to present to the member nations his concept of the Organization's objectives and work programs. As a result, the budget process loses one of its main functions—management and control.

(3) At present, the only real control lies in the exercise of restraint and judgment by representatives of member nations in offering programs and projects in the political organs. These organs cannot approve any resolution involving expenditure of United Nations funds unless they first have before them a report of the Secretary General on the financial implications, together with an estimate of the costs involved in the specific proposals. Although this has had some effect in restraining member governments from voting additional projects, the basic problem still exists.

(4) If the Secretary General is required to request additional funds in order to carry out programs approved by the political organs, he is called to task by the financial organs of the Organization; if he fails to allow for the funds necessary to implement the approved programs, he is called to task by the political organs.

(5) The organization of the General Assembly to perform its budgetary control functions has not produced the desired results due primarily to the relatively weak position of its financial committee with respect to the other committees and councils of the United Nations. Attempts by the Fifth Committee, which is the financial committee of the General Assembly, to delete items from the budget and to keep expenses at a minimum, have met with strong resistance and criticism, largely on the ground that they have no authority to overrule decisions of the substantive, political organs by denying funds to implement decisions already made by the former. As matters now stand, the Fifth Committee, having only recommendatory and advisory powers, is in danger of being reduced to a "rubber stamp" which passes primarily on the Secretary General's estimates of what he needs to carry out the approved programs, rather than on the need for and wisdom of the programs themselves.

(6) The plenary sessions of the General Assembly, where the appropriation of funds actually takes place, usually meet in haste and are neither equipped nor in a position to change basic decisions of the substantive organs. Too many member governments appear to adopt

the attitude that since programs and projects can be and are initiated and approved by other political bodies of the Organization, the General Assembly is virtually committed to appropriate the funds necessary for these projects or find itself in sharp conflict with the other organs. As a result, the General Assembly, in which the authority is vested, is unable to exercise any effective budgetary control.

With respect to the budgeting practices of the United Nations and the specialized agencies, the subcommittee found:

(1) The United Nations and the specialized agencies, for the most part, formulate their budget estimates by organization units and objects of expenditure, i. e., cost of meetings, cost of maintaining offices, common services, etc., rather than on a project or performance basis. As a result, an examination of the budget estimates fails to reveal how much money is being devoted to the various projects.

(2) In the absence of a project or performance budget, it is virtually impossible for member nations to determine, from an examination of the budget estimates, the amount of money which is being devoted to any particular project. This, in turn, makes it impossible for them to exercise intelligent judgment in determining the relationship between the cost and the relative importance of any particular project.

(3) Although some of the specialized agencies have adopted project budgets, in part, the United Nations has rejected this device, arranging, instead, for the inclusion of more detailed project information in the budget justifications.

With respect to the financing of the United Nations and the specialized agencies, the subcommittee found:

(1) That the expenses of the United Nations and the specialized agencies are financed by annual budgets which, in turn, are financed almost entirely by contributions from member governments.

(2) During the financial year 1950, assessments on member governments ranged from 0.04 percent for small countries to 39.79 percent for the United States. France and China were each assessed 6 percent; the United Kingdom 11.37 percent; and Canada, 3.20 percent. Soviet Russia was assessed 6.34 percent, and her four satellites, Byelorussia, Czechoslovakia, Poland, and the Ukraine, were assessed a total of 2.91 percent, making the combined contribution of the Soviet orbit, 9.25 percent of the assessable expenses of the United Nations.

(3) For 1951, changes in assessments included slight increases for 14 governments and slight decreases for 9 governments. Among those increased were Soviet Russia and her satellites, a combined increase of 0.93 percent, bringing their total contribution to United Nations expenditures to 10.09 percent for 1951. The largest decrease was made in the assessment of the United States—0.87 percent, bringing this Government's contributions down to 38.92 percent for 1951.

(4) Increasing budgets of the United Nations and the specialized agencies, resulting, in part, from the multiplicity and proliferation of projects undertaken, and, in part, from emergency relief activities, together with the expenses involved in maintaining missions and attending a very large number of meetings and conferences all over the world each year, have caused serious concern to many member governments which profess great difficulty in meeting their financial obliga-

tions to the United Nations system, most of which are incurred in United States dollars.

(5) Although the collection of contributions to the United Nations has been very good, payments to the specialized agencies have been lagging so far behind that the work of these agencies is being seriously hampered. In the United Nations, all contributions due prior to 1949 were paid in full as of November 15, 1950. For 1949, there was a balance due of \$1,251,121.60, the bulk of which was owed by China. For 1950, there was, on November 15, 1950, a balance due of \$6,322,577.69 on total assessments of \$34,197,085. During the latter part of December, however, \$2,531,152.65 was paid, leaving an unpaid balance of approximately \$3,791,461, the major portion of which is owed by China.

(6) In the specialized agencies, as of August 31, 1950, approximately 80 percent of outstanding contributions, due prior to 1950, had been paid. Contributions for 1950, however, have lagged. As of December 1, 1950, two of the agencies had received 59 and 77 percent, respectively; and three others had collected in excess of 80 percent.

(7) Contributions to several of the specialized agencies are lagging behind because of difficulties encountered by member governments in obtaining dollars and because a number of the agencies have included in their contributions scales nations which have not joined, or had given notice of withdrawal from the organization, or had defaulted for other reasons.

(8) In an effort to assist member nations in meeting their financial obligations to the United Nations, the Secretary General has arranged for the utilization of soft currencies where possible, and member governments have been invited to pay assessments in currencies other than United States dollars up to 22 percent of the budget of which 15 percent is in Swiss francs and 7 percent in 10 other currencies.

(9) In an attempt to meet this problem, the General Assembly has recommended to these agencies that they base their expenditures upon the amount of funds which they can reasonably expect to receive, rather than upon the amount needed to meet these budgets.

(10) The United Nations maintains a working capital fund of \$20,000,000 established initially by advances from member governments, standing to their credit. Its purpose is to provide money needed to meet ordinary expenditures, pending receipt of contributions from members and, under certain conditions, as a source of funds to meet unforeseen and extraordinary expenses which could not be anticipated in the regular budget.

Too frequent a use of this fund has been made for purposes which could clearly have been anticipated and for which funds could have been provided in the budget. This practice deprives the General Assembly of an opportunity to exercise its judgment on whether funds should be appropriated for a particular purpose, since it is presented with an accomplished fact, the funds having been already committed or expended. Thus, when the Secretary General offers a supplementary estimate to reimburse the fund, in accordance with financial regulations, the General Assembly is virtually committed to appropriating supplemental funds for this purpose. Furthermore, when large amounts of the fund are used for these purposes, there is

danger that no funds will be available for the fund's primary purposes—the financing of the Organization, pending receipt of contributions.

With respect to auditing and internal control procedures, the subcommittee found:

(1) The United Nations and the specialized agencies have adopted procedures which provide for an external audit by independent public accountants or auditors, who operate in a manner similar to auditors who examine the books of private business concerns.

(2) The United Nations maintains a detailed and thorough system of internal control of finance, similar to that used by the United States Government, using the customary procedures of appropriation, allotment, encumbrance, and certification.

With respect to programs, projects, and priorities, the subcommittee found:

(1) The United Nations and the specialized agencies have undertaken a very large number of projects and programs, tending to result in a proliferation of projects, activities, meetings and conferences and not infrequently in a dispersion and dissipation of effort and resources.

(2) During 1949, the United Nations and the specialized agencies undertook a combined total of 739 economic and social projects; during 1950, 723 such projects were under way.

(3) The United Nations and the specialized agencies are engaged in such a variety of social and economic activities as to make any accurate or adequate classification virtually impossible. They may be broken down only into (a) technical, operational, or service activities, including the organization of special conferences; (b) studies, surveys, and investigations, primarily of a research character; and (c) activities which combine aspects of each. With respect to their nature, the projects may be classified only as involving economic questions, social questions, and general questions, the latter including human-rights issues, statistical problems, etc.

(4) A considerable number of the projects undertaken by the United Nations and the specialized agencies appear to be academic, rather than practical and might have been left more properly to national governments, research agencies, or to nongovernmental international organizations. In addition, many of the projects undertaken by the United Nations appear to belong within the orbit of the activities of the specialized agencies.

(5) Some of the organs of the United Nations have become seriously concerned with respect to the number and range of projects and programs undertaken, primarily because of the very considerable expenses involved in carrying them out. However, numerous resolutions adopted by the General Assembly requesting member governments to refrain from initiating new projects other than those which are urgently required and which can be effectively carried out, appear to have had only a limited effect.

(6) Numerous resolutions, which have been adopted by the General Assembly urging the specialized agencies to intensify their efforts to stabilize their budgets by the elimination or deferment of less-urgent projects, appear to have had little or no effect, although there are

indications that the rate of increase of the budgets of many of these organizations is diminishing.

(7) The proliferation and multiplicity of projects undertaken by the United Nations and the specialized agencies appear to be due largely to the inclination on the part of member governments to sponsor or champion pet projects without regard for their feasibility, urgency, value, or productivity, or whether they duplicate existing projects in whole or in part. This is further complicated by the fact that when the United Nations was created, no machinery was established for the determination of priorities.

(8) In an effort to meet this problem, the Economic and Social Council recently developed tests or criteria to be applied in determining whether or not any particular project or program should be undertaken. The primary tests offered are (a) urgency; (b) feasibility; (c) scope; (d) preparation and coordination; and (e) results.

(9) Although the criteria established are satisfactory, it remains to be seen whether they will prove effective. This will depend largely upon the degree of discipline and restraint shown by representatives of individual governments and their ability to coordinate their own policy on a national level. It will also depend upon the ability of the Economic and Social Council and the General Assembly to implement these criteria by constant review of proposed programs and projects; instructions to the United Nations Secretariat; and recommendations to the specialized agencies.

With respect to personnel, the subcommittee found:

(1) During 1950, the United Nations and 10 specialized agencies employed a combined total of approximately 9,790 persons in New York, Geneva, and other places throughout the world. Of this number, 3,994 were employed by the United Nations and 5,798 were employed by the 10 specialized agencies. With respect to the specialized agencies, the distribution was as follows: UNESCO, 785; ILO, 550; FAO, 660; ICAO, 425; WHO, 614; IRO, 1,805; UPU, 18; ITU, 86; International Bank, 400; International Monetary Fund, 455.

(2) Staff costs in the United Nations and the specialized agencies generally account for between 60 and 70 percent of the total expenditures. In the United Nations, the relationship between total expenditures and staff costs was as follows: During 1947, of a total expenditure of \$27,901,969, \$18,699,499 was devoted to staff costs; during 1948 of a total expenditure of \$38,387,531, \$21,775,861 went to staff costs; during 1949, of a total expenditure of \$42,575,368, \$27,737,805 was devoted to staff costs; and during 1950, of a total expenditure of \$44,520,773, the United Nations paid out \$28,094,340 for staff costs.

With respect to classification and salaries, the subcommittee found:

(1) Prior to January 1, 1951, when a reorganization of the United Nations salary, classification, allowance, and leave system took place, salary scales ranged from an annual gross salary of \$1,860 (grade 1) to an annual gross salary of \$13,330 (grade 19). From grade 1 through grade 16, there were provisions for seven in-grade promotions; grade 17 provided for six; grade 18 for four; and grade 19 for three. A separate schedule was set up for manual workers. As a result of the staff assessment plan, a system of internal taxation, net take-home pay, exclusive of allowances, ranged from \$1,580 (grade 1) to \$10,000 (grade 19). The salaries of persons excluded from the classified system were

as follows: Secretary General, \$20,000; Assistant Secretaries General, \$13,500; and top-ranking Directors, \$11,000.

(2) Under the reorganized personnel system, effective January 1, 1951, the United Nations Secretariat (excluding the Secretary General and the Assistant Secretaries General) was organized into three main categories: (a) general service category, with five levels; (b) professional category, with five levels; and (c) principal officer and director category, with three levels. Separate salary tables were established for field service personnel and manual workers.

(3) In the general service category, gross salary scales range from \$2,230, the entrance level, to \$4,250, the principal level. In the entrance level, provision is made for seven in-grade promotions; in the junior, intermediate, senior, and principal levels, there are eight in-grade promotions. In the professional category, gross salaries scales range from \$4,250 for assistant officer, to \$11,310 for senior officer. In the assistant officer level, provision is made for seven in-grade promotions; associate, second and first officers can receive nine in-grade promotions; and senior officers can receive eight in-grade promotions. In the professional officer and director category, gross salary scales range from \$13,330 for principal officers, to \$17,000 for principal directors. Provision is made for five in-grade promotions for principal officers, three for directors, and one for principal directors.

(4) The Secretary General receives an annual gross salary of \$33,000, supplemented by a \$20,000 annual allowance, in lieu of all other allowances except travel, bringing his gross total to \$53,000 per year. However, since his salary is subject to staff assessment plan deductions, his annual net salary amounts to \$40,000. Assistant Secretaries General receive gross annual salaries of \$23,000, equivalent to \$15,000 after staff assessment plan deductions.

With respect to staff allowances and benefits, the subcommittee found:

(1) United Nations staff employees are presently receiving approximately 11 different types of allowances in addition to miscellaneous travel allowances and 6 different types of welfare and insurance benefits. The allowances paid include (a) children's allowance, (b) education grant, (c) special post allowance, (d) language allowance, (e) repatriation grant, (f) rental allowance and subsidy, (g) representation allowance, (h) nonresident's allowance, (i) home leave allowance, (j) indemnity upon termination, and (k) income-tax reimbursement for nationals of governments which do not exempt them from national income tax. It should be noted, however, that all United Nations staff employees do not receive all of these allowances, a number of which are alternative or designed for special cases.

(2) Prior to January 1, 1951, United Nations staff employees received nine allowances. Under the reorganization, three allowances were discontinued and five new ones were added.

(3) Travel allowances include (a) travel of staff members upon appointment, (b) travel of staff members on official business, (c) travel of staff members on change of official duty station, (d) travel of staff members on home leave, (e) travel of staff members upon separation, (f) removal of staff members' effects, (g) travel expenses of dependents, and (h) transportation of the remains of deceased staff members to their homes or official duty station.

(4) Staff benefits available to United Nations staff employees include (a) staff provident fund contributions, (b) staff pension fund contribution, (c) health insurance plan (medical and hospitalization insurance), (d) indemnity and compassionate payments, (e) workman's compensation insurance, and (f) group life insurance.

(5) An annual representation allowance of \$20,000 is paid to the Secretary General, in addition to his regular salary and in lieu of all other allowances except the travel allowances. Assistant Secretaries General receive representation allowances varying between \$7,000 and \$10,000 per year, at the Secretary General's discretion, and in lieu of all other allowances except travel allowances. At the discretion of the Secretary General, Principal Directors and Directors are authorized to receive representation allowances of \$1,000 to \$3,500, in the case of Principal Directors, and up to \$1,500 in the case of Directors. These allowances, however, are in addition to all of the other allowances which they receive.

(6) All United Nations staff members who are separated from the service under conditions other than summary dismissal, and who are not serving at an official duty station in their home country at the time of their separation receive a repatriation grant, depending upon the number of years away from their home countries and their dependency status. The payments run from 4 weeks' salary for staff members without dependents, having more than 2 years of service, to 14 weeks' salary for those who have served more than 12 years. Persons having dependents receive double these amounts and the maximum payable is \$2,500 for persons without dependents and \$5,000 for those with dependents.

(7) All United Nations staff members who are serving under temporary, indefinite appointments and who have completed more than 1 year of service receive, upon termination of their employment, payments equal to from 1 to 8 months of salary, depending upon the length of service. However, those staff members whose appointments are terminated during their first year are not eligible for this allowance.

(8) When traveling on official business, United Nations staff employees receive the following allowances in lieu of subsistence, in addition to transportation costs; the Secretary-General, up to \$25 per day; Assistant Secretaries-General, up to \$20 per day; Principal Directors, up to \$15 per day; senior officers, down to and including second officers, \$12.50 per day; and all others, \$10 per day.

(9) Whereas staff costs usually amount to between 60 and 70 percent of the total annual expenditures of the United Nations and the specialized agencies, allowances and benefits usually amount to between 25 and 30 percent of the staff costs.

With respect to personnel policies generally, the subcommittee found:

(1) In connection with recruiting of personnel, too much emphasis is placed upon specialists and experts, resulting in a lack of flexibility within the staff, which, in turn, causes new work to be translated into requirements for extra staff.

(2) Recruitment policies and procedures vary from agency to agency and between the United Nations and the specialized agencies, making difficult any transfer of personnel within the United Nations system to meet increased workloads.

(3) Reports have been received that political pressure has been brought upon the United Nations and the specialized agencies to hire various persons whose qualifications are often doubtful. Representatives of many member governments have undertaken to place retired civil servants or military and naval personnel in lucrative positions with the various agencies of the United Nations system. This practice constitutes a serious burden upon the administrative heads of the United Nations and the agencies.

With respect to the problem of coordination, the subcommittee found:

(1) Although there have been recent improvements, fully effective coordination between the United Nations and the specialized agencies and between the specialized agencies themselves is still to be attained with a view to eliminating and avoiding (a) a duplication of activities and services by the various international organizations, (b) the adoption of conflicting policies by the various agencies, (c) unduly heavy or unacceptable demands upon the financial and personnel resources of member governments, (d) the development of competition between the various organizations for funds, personnel, and projects, rather than the cooperation necessary and envisioned by the United Nations Charter, and (e) the development of an attitude of sovereignty and independence on the part of many of the specialized agencies.

(2) The need for effective coordination between the United Nations and the specialized agencies and between the specialized agencies themselves is particularly serious with respect to (a) national policy, (b) programs and projects, and (c) administrative and budgetary matters.

(3) The lack of coordination with respect to national policy has given rise to the following situations: (a) two or more delegates of the same member government offer the same program or projects in the United Nations and in one or more of the specialized agencies, (b) representatives of the same member government takes different positions with respect to the same or a related matter before different bodies, (c) some governments request technical advice on the same or similar subjects from two or more agencies as well as from other bodies, and (d) two or more departments of the same government address requests for advice or services to the same agency.

(4) Ineffective coordination with respect to programs and projects results, at times, in considerable duplication and overlapping between the programs undertaken by the United Nations and the agencies and between those undertaken by the agencies themselves. In some instances, several agencies undertake a task without adequate consultation or planning, each agency feeling that the particular operation is within its jurisdiction. As a result, these agencies are using personnel and funds to accomplish that which should have been undertaken by one. Another phase of the problem is found where several agencies consider a problem and each decides that it is within the jurisdiction of the other, with the result that none of them perform the work.

(5) The lack of effective coordination with respect to administrative and budgetary matters has resulted in duplication of functions, activities and services, accompanied by unnecessary and unwarranted expenditure of funds. Thus, the United Nations and each of the spe-

cialized agencies maintains its own independent fiscal and technical services, personnel arrangements, headquarters, pension plans, audit systems, and financial arrangements.

(6) Centralization of the activities of the United Nations system has become impossible because the headquarters of the United Nations and the specialized agencies are dispersed throughout the world in six different countries. Supporting these headquarters are 53 central, regional, and branch offices, located in 9 cities in 8 countries in the Western Hemisphere; in 9 cities in 8 countries in Europe; in 2 cities in 1 country in the Middle East; and in 6 cities in 4 countries in Africa, Asia, and the Far East. However, a large number of these offices are devoted to public information and liaison and would not be affected by headquarters centralization.

(7) Attempts by the Secretary General to attract to the New York Headquarters those of the specialized agencies which were not permanently located elsewhere have been met with resistance and lack of interest. Thus, recently, when the Food and Agricultural Organization had under consideration the offer of a \$7,000,000 loan from the United States to finance a headquarters building either in the neighborhood of the United Nations site in New York, or at a site in Washington, the Food and Agriculture Organization determined to move its headquarters to Rome. Had they decided on the New York location, they could have taken advantage of an offer made by the Secretary General of the United Nations to make five floors available at an appropriate cost until such time as permanent facilities could have been completed. To enable the move to Rome, the Organization borrowed \$800,000 from the United Nations.

(8) With respect to budgetary and financial coordination, the decentralized structure of the United Nations system has resulted in each specialized agency maintaining and determining its own budget, programs and projects. The General Assembly of the United Nations can only examine them and make recommendations which may be followed or ignored by the agencies, as they see fit. It can exercise no other control over the agencies. Although these recommendations do carry some weight, they are frequently not given the consideration to which they are entitled.

(9) Written agreements between the specialized agencies and the United Nations, provided for by the Charter in an effort to achieve coordination, have proved ineffectual and constitute nothing more than agreements to cooperate.

(10) When the specialized agencies were canvassed with respect to the possibility of effecting a consolidated budget system under which their budgets would be included in, and voted together with, the budget of the United Nations, thus enabling effective over-all control, the agencies resisted strongly, taking refuge in the provisions of their agreements with the United Nations and in their constitutions, both of which stressed their sovereignty and independence.

(11) Any change in the existing system, designed to give the United Nations control over the budgets of the specialized agencies, would require amendment of the constitutions of the specialized agencies. The agencies, however, have shown neither an interest in, nor a disposition toward, the surrender of any of their "prerogatives."

(12) Attempts have been made to secure effective administrative

coordination during the past 5 years, and some measure of progress has been made. Thus, arrangements are under way to effect standardization of personnel regulations, recruitment procedures and joint audit and pension schemes. Efforts are also under way to enable those specialized agencies which are located in one city to coordinate their facilities and technical and administrative services.

(13) Numerous attempts to secure effective coordination with respect to programs and projects and administrative and budgetary matters, during the past few years, have involved such tremendous efforts by a myriad of United Nations committees and subcommittees, requiring so many hours of debate, mountains of documents, and resolutions, that coordination has become one of the major programs of the United Nations rather than a means to effect the objectives of the Charter.

2. CONCLUSIONS

Although the United Nations and the specialized agencies have to their credit substantial achievements, particularly in the economic and social fields, their operations, during the past 5 years, have suffered from (1) financial and budgetary problems, including increasing budgets and expenditures, lack of effective budgetary control and difficulties in the collection of contributions; (2) a proliferation of programs and projects undertaken, resulting from a tendency on the part of member governments to propose new projects and programs without regard to their relative cost and over-all merit; (3) duplication and overlapping of functions and activities, resulting from the lack of adequate and effective coordination with respect to administrative, personnel and budgetary matters, programs and policy; (4) personnel problems arising out of inadequate personnel policies, rising staff costs and in some instances, over-generous salary and allowance systems, as well as political pressures with respect to appointments; (5) a tendency on the part of the specialized agencies toward sovereignty and independence; and (6) an ever-increasing drain on the financial and manpower resources of member governments, resulting from steadily increasing assessments to meet rising budgets, the maintenance of missions and attendance at large numbers of meetings all over the world.

These basic weaknesses and deficiencies, in the opinion of the subcommittee, stem directly or indirectly out of the decentralized structure of the United Nations system and the political or human factors which are always present in government and administration at all levels. For these reasons, they have not been susceptible of correction by the use of administrative techniques, although administrative action might be effective in correcting some of them.

With respect to the structural problem, the United Nations has no control over either the programs or the budgets of the specialized agencies, each of which is an independent legal entity, having its own constitution, budget, differing membership, separate secretariat and special functions. In the opinion of the subcommittee, this decentralization is one of the major causes of duplication and overlapping of functions, activities and services; the proliferation of programs and projects; the financial and budgetary problems; and the

consequent drain on the financial and manpower resources of member governments.

With respect to the political problem, reference is made to the fact that the extent of the activities of the United Nations and the specialized agencies, the consequent size of their respective budgets and the resulting financial drain on member governments, depend almost entirely upon the manner in which representatives of member governments conduct themselves in the governing bodies of the various organs and agencies which comprise the United Nations system. If they continue to offer large numbers of uncoordinated projects and programs without due regard for their urgency, merit, relative cost, benefit to the greatest number of people in the world and their relationship to the objectives of the United Nations Charter, administrative, financial and other problems will continue to mount. If, on the other hand, they exercise due restraint and judgment in this respect, budgets can be stabilized and the financial obligations entailed in participation in the United Nations will remain at a level consonant with the ability of member governments to meet these obligations.

In the opinion of the subcommittee, if the United Nations and the specialized agencies are to continue to operate as effective forces for international cooperation, the following action is imperative:

(1) Budgetary and financial arrangements must be reorganized and strengthened so as to afford effective control over budgets and expenditures, enabling the budget process to achieve one of its principal objectives—management and control. Under existing practices in the United Nations, the budget document is reviewed and examined by many different bodies, but controlled effectively by none. Machinery must be established to enable effective control.

(2) In order to facilitate effective budgetary control, it is necessary that project or performance budgets be adopted by the United Nations and the specialized agencies in place of the objects of expenditure budgets now in use. This would enable an effective review of functional estimates and program justifications by showing the desirable magnitude of major programs or functions in terms of the need, relation to other programs, and proportion of total expenditures, all of which are matters of policy; and the degree of efficiency and economy with which these programs can be executed.

(3) Serious consideration must be given to the desirability of amending the constitutions of the specialized agencies so as to provide authority in the General Assembly to review and modify the budgets of the specialized agencies; to vote these budgets as part of an integrated, consolidated budget for the entire United Nations system; and to strike out items where necessary;

(4) Budgets and expenditures of the United Nations and the specialized agencies must be stabilized at a level consistent with the effective accomplishment of necessary tasks, but within the means of the member governments, and without reaching proportions which will defeat the vital principal of universality of membership and participation by forcing member governments to withdraw for financial reasons;

(5) Arrangements must be made for the use of soft currencies on a larger scale than hitherto, and independent sources of income must be found for the United Nations and the specialized agencies in order to

relieve member governments of their present heavy financial burdens. These sources might be developed by the performance of services for private business and educational concerns, or by obtaining private grants in support of some portions of their work;

(6) Lagging contributions in the specialized agencies must be discouraged by the adoption of realistic budgets which permit the undertaking of only those projects for which funds can actually be anticipated, and by the suspension of defaulting member governments from the privileges of membership;

(7) The use of the working-capital fund must be limited strictly to political and security matters which cannot be foreseen, and used only for those economic and social matters concerning which immediate action is imperative;

(8) Machinery to determine priorities with respect to programs and projects must be strengthened immediately, if there is to be effective utilization of the financial and manpower resources at the disposal of the United Nations system, and if proliferation, duplication, and multiplicity are to be avoided. Although criteria have been set up, no machinery has been provided for their application and enforcement;

(9) Personnel policies and procedures must be revised with the major emphasis placed upon the recruitment of persons of high general education and intellectual qualifications, rather than specialists and experts. This would serve to eliminate the present inflexibility of the professional staff which necessitates the translation of all new work into requirements for new personnel. Experts should be retained, as needed, on a noncareer basis, except in those few highly technical fields where specialists are needed on a full-time basis;

(10) A genuine career service must be built up, composed of persons whose character and ability are of the highest type and who will ultimately be able to meet the variety of situations which arise from day to day in the United Nations system. To effectuate this, an independent international civil service commission must be established which would set up uniform qualification standards, recruitment policies, competitive examinations, standard classification patterns and uniform salary and allowance scales. This would ensure the recruitment of persons having high qualifications which would enable them to transfer from one agency to another as workloads required. It would also enable the administrative heads of the United Nations and the specialized agencies to resist political pressures on them by member governments to hire certain favored personnel whose ability and qualifications do not measure up to the standards required;

(11) The salary, allowance, and leave system of the United Nations should be revised in order to place it on a more economical and realistic basis. At present, the various allowances paid to staff members of the United Nations and the specialized agencies bring their already high salaries considerably out of line with those paid to United States nationals and nationals of other countries for similar work. The subcommittee realizes that it is necessary for the United Nations and the specialized agencies to attract the highest type of personnel for tasks which they must accomplish, and that such persons should not

be expected to suffer financial hardships or disadvantage. However, it is of the opinion that the allowances paid are excessive in some instances and unwarranted in others. Outstanding men and women are definitely needed if international organizations are to make a vital contribution to the solution of the complex and tremendously important problems which now confront the world. However, it hardly seems in order to offer them such extraordinary inducements, in view of the fact that their basic salaries are clearly adequate and they have assurance, to some degree, of permanent places in a career service;

(12) Immediate action is urgently required to correct inadequate processes of coordination which exist with respect to (1) national policy; (2) programs and projects; and (3) administrative, budgetary and financial matters. Administrative coordination can be accomplished by the application of proper administrative techniques. Coordination of national policy can be achieved only by the member governments themselves at the seats of their respective governments. Project and program coordination and budgetary and financial coordination can be achieved only if the United Nations is given genuine control over the budgets and the programs of the specialized agencies, necessitating the amendment of the constitutions of these agencies.

Of the 12 recommendations set forth above, the subcommittee believes that providing authority in the General Assembly to review and modify the budgets of the specialized agencies; to vote these budgets as part of an integrated, consolidated budget for the entire United Nations system; and to strike out items where necessary, would go a long way in eliminating many of the existing weaknesses and deficiencies which are causing waste, duplication, multiplicity, and dispersion of effort and resources. It would also enable a unified review of projects and their costs, thus affording to members of the United Nations and the specialized agencies an opportunity to determine, at one time and in one place, the extent of their financial obligations with respect to the United Nations system. Projects which duplicate other projects could be eliminated, real budgetary and program control could be instituted and substantial economy achieved.

The subcommittee is well aware of the objections which are made to any change in the status quo. Summed up, they are to the effect that (1) the constitutions of the specialized agencies would have to be amended so as to provide for a transfer of budget-making powers from the constituent assemblies of the agencies to the General Assembly of the United Nations; (2) changes would have to be made in the character of the General Assembly delegations; (3) the General Assembly would have to provide for lengthening its sessions, so as to afford it sufficient time to perform, at one time and place, the budget task now performed by the financial committees, governing bodies and conferences of the various individual agencies; and (4) a means would have to be found of overcoming the divergence of membership between the United Nations and the specialized agencies, since none of the agencies have as members all of the governments represented in the United Nations, and some of the agencies have as members, govern-

ments which do not belong to the United Nations and are therefore not represented in the General Assembly.

The subcommittee is of the opinion that these objections are without merit. Since the majority of the member governments of the United Nations are also members of the specialized agencies, no sound reason appears to exist for their failure to amend the constitutions of these agencies. It is perfectly ridiculous for the very governments which decry, in the General Assembly, the waste resulting from duplication, overlapping and lack of effective control, to argue, in the specialized agencies, that constitutional changes are difficult or virtually impossible.

With respect to the other objections, necessary changes can be made in the character of the General Assembly delegations and provision can easily be made for lengthening the session of the Assembly. As for the problems presented by divergent membership in the United Nations and the specialized agencies, procedures can be worked out whereby the section of the budget relating to each specialized agency would be initially voted in the General Assembly only by those member governments which are members of that agency. Arrangements can also be worked out whereby members of specialized agencies which are not members of the United Nations would be able to debate and vote on the budgets of those specialized agencies to which they belong. Arrangements of this type between the International Labor Organization and the League of Nations proved to be entirely satisfactory. Finally, following such initial action on the budget of each agency, the consolidated budget of the United Nations and the agencies included therein could be approved by the General Assembly in plenary session.

In the opinion of the subcommittee, these suggestions are all feasible. They continue to be opposed, however, by those who have vested interests either in the growth and independence of international organizations or in international secretariats, and in their zeal to protect these interests, they have tended to overlook the fact that the specialized agencies were created as a means whereby the provisions of the Charter of the United Nations, relative to economic and social cooperation, might be furthered, and not as an end in and of themselves.

As a result of the intransigence and international lawlessness of Soviet Russia, the United Nations system has been unable to perform its political and security functions in the manner intended. It has, however, a number of very important tasks to perform in the economic and social fields and in other related areas. In fact, in the opinion of the subcommittee, the economic and social achievements of the United Nations system have more than justified its existence.

The United Nations system is unable, at this time and as presently constituted, to preserve international peace and security. Therefore, member governments are compelled to devote a major portion of their financial and other resources to rearmament and to the conversion of their economies to enable them to meet the threat of Soviet aggression. This means that the amount of their financial resources which will be available in the future for participation in the United Nations and the specialized agencies is definitely limited. This leads

to the inevitable conclusion that if the United Nations system is to continue to function as a force for international cooperation, every effort must be made to guarantee that existing weaknesses and defects are remedied and its administrative and operational structure is so strengthened as to insure effective operations in the fields in which real achievement has been demonstrated.

APPENDIX A

United Nations specialized agencies showing number of member nations, functions, budget, headquarters, chief officers, number of staff and effective date of constitution and status with the United Nations as of Oct. 25, 1950

[Prepared by the United Nations Department of Public Information]

Agency ¹	Members (numbers)	Functions	Budget and headquarters	Chief officer and number of staff	Status with UN and date constitution became effective
ILO.....	62.....	Brings together government, labor, and management to solve industrial problems; establishes labor standards by international conventions (or treaties).	\$5,983,526 for 1950 (net), \$5,973,789 for 1951 (net), plus \$988,000 special fund for migration program. 154 Rue de Lausanne, Geneva, Switzerland.	Director-General, David A. Morse (United States). Staff, about 550.	Relation with UN approved by GA Dec. 14, 1946. Original constitution effective Apr. 11, 1919. Revised constitution effective Apr. 20, 1948.
FAO.....	63A.....	Seeks to increase production from farms, forests, and fisheries and to improve distribution; provides expert assistance to governments in agricultural problems; works to raise levels of nutrition.	\$5,000,000 for 1950, \$5,000,000 for 1951. 1201 Connecticut Ave. N.W., Washington, D. C. (Permanent headquarters will be in Rome after 1951.)	Director-General, Norris E. Dodd (United States). Staff, about 660.	Relation with UN approved by GA Dec. 14, 1946. Constitution effective Oct. 16, 1945.
UNESCO.....	59.....	Sponsors international projects in education, science, culture; 1950-51 program includes stress on reconstruction of war damaged educational facilities, raising of educational standards, international understanding.	\$8,010,000 for 1950, \$8,210,000 for 1951. Maison UNESCO, 19 Avenue Kleber, Paris, France.	Director-General, Jaime Torres Bodet (Mexico). Staff, about 650.	Relation with UN approved by GA Dec. 14, 1946. Constitution effective Nov. 4, 1946.
ICAO.....	58.....	Assists international civil aviation by encouraging use of safety measures, uniform regulations for operation, simpler procedures at borders; promotes use of new technical methods and equipment.	\$2,810,607 ² for 1950, \$3,000,000 ² for 1951. International Aviation Building, Montreal, Canada.	Secretary-General, Albert Roper (France). Staff, about 425. President of Council, Dr. Edward Warner (United States).	Relation with UN approved by GA. Constitution effective Apr. 4, 1947.
WHO.....	74 plus 1 associate.....	Surveys world health conditions, coordinates information and makes it available to governments; sends experts to countries seeking aid in health problems; offers emergency aid in epidemics.	For 1950, \$7,501,500 (reduced to \$6,300,000 actual expenditures); 1951, \$6,150,000 (reduced from original \$7,300,000). Palais des Nations, Geneva, Switzerland.	Director-General, Dr. Brock Chisholm (Canada). Staff, about 515.	Relation with UN approved by GA Nov. 15, 1947. Constitution effective Apr. 7, 1948. Permanent organization succeeded Interim Commission, Sept. 1, 1948.
Bank.....	49.....	Lends money on "good risk" basis for reconstruction of industry and development of economic facilities; promotes flow of capital internationally for productive purposes.	\$4,926,171 administrative budget (1950-51), met from income. 1818 H St. N.W., Washington, D. C.	President, Eugene R. Black (United States). Staff, about 400.	Relations with UN approved by GA Nov. 15, 1947. Articles of agreement effective Dec. 27, 1945. Began operation June 25, 1946.

Fund	49	Promotes international monetary cooperation and stabilization of currencies; sells currency to members for international trade; aids governments by consultation on financial problems.	1950-51 administrative budget of \$4,704,315, met from earnings and capital. 1818 H St. NW., Washington, D. C.	Managing Director, Camille Gutt (Belgium). Staff, about 455.	Relation with UN approved by GA Nov. 15, 1947. Articles of agreement effective Dec. 27, 1945. Began operation Mar. 1, 1947.
UPU	86	United members for reciprocal exchange of mail; every member agrees to transmit mail of all other members by best means used for own letters.	Budget estimate, 1950, 1,356,286 Swiss francs; 1931, 1,219,786 Swiss francs. Case, Berne 14, Switzerland.	Director Bureau of UPU, Dr. Fritz Hess (Switzerland). Staff, 18 permanent; others for temporary periods.	Relation with UN approved by GA Nov. 15, 1947. Became effective July 1, 1948. (UPU established 1874. Revised postal convention was adopted in 1947.)
ITU	81	Promotes international cooperation in telecommunications (radio, telephone, telegraph). Instrumental in allocating radio frequencies; seeks to establish lowest possible rates.	4,160,000 Swiss francs for 1950 (ordinary budget about \$1,040,000). Palais Wilson, Geneva, Switzerland.	Secretary-General, Leon Mulatier (France). Staff, 86 permanent; others for temporary conferences.	Relation with UN approved by GA Nov. 15, 1947. Originated as International Telegraph Union 1865; assumed responsibility for radio, 1906. Telegraph and Radiotelegraph Conventions merged to form International Telecommunication Convention in 1932, under which ITU replaced International Telegraph Union.
IRO	18	Care for displaced persons; arranges repatriation or transports them to countries of resettlement; provides legal and political protection; operations scheduled to end in 1951.	Budget 1948-49, \$155,075,770; 1949-50, \$145,432,118; 1950-51, \$55,165,446 (fiscal year July to June). Palais Wilson, Rue des Paquis, Geneva, Switzerland.	Director-General, J. Donald Kingsley (United States). Staff, 1,800 international, 1,800 local employees.	UN GA approved constitution, budget and arrangements for preparatory committee, Dec. 15, 1946. Constitution effective Aug. 20, 1948. UN GA signed agreement on relationship as specialized agency Nov. 18, 1948.

¹ Full names of agencies given at end of chart.

² ICAO budget in Canadian dollars.

AGENCIES IN PREPARATORY STAGE

Agency ¹	Members (numbers)	Functions	Budget and headquarters	Chief officer and number of staff	Status with UN and date constitution became effective
WMO (to succeed IMO).	Establishment in progress; convention has been signed by required number.	Will promote international co-operation in field of meteorology (important because of relation to transport and communication); will seek world-wide network of meteorological stations and quick exchange of weather data.	No budget yet for WMO. No headquarters yet for WMO. But headquarters of IMO, Rue Etraz 5, Lausanne, Switzerland.	None yet for WMO. But president of IMO, Sir Nelson K. Johnson (United Kingdom); Chief of IMO Secretariat, Dr. G. Swoboda (Czechoslovakia).	IMO established in 1878; members are directors of national meteorological services. Convention was revised to provide for WMO as inter-governmental agency working in relationship with UN after agreement is approved.
ITO-----	52 on Interim Commission (to serve until permanent organization is created).	Designed to promote efforts to reduce tariff and other trade barriers, assist nations in economic development, set up rules of fair trade.	Expenses of Interim Commission met from UN loan. 1949 expenditures, \$105,000. Secretariat of Interim Commission serves contracting parties to General Agreement on Tariffs and Trade on reimbursable basis. Palais des Nations, Geneva, Switzerland.	Executive Secretary of Interim Commission, Eric Wyndham White (United Kingdom).	Habana Charter must be ratified by sufficient number before ITO comes into being. (Charter was completed at UN Conference in 1948. Interim Commission set up by resolution signed by 52 nations.)
IMCO-----	Needs 21 ratifications of convention.	Will promote international co-operation in maritime navigation; will encourage maximum use of safety measures; will seek removal of shipping restrictions and discriminations.	20,000 pounds per annum, first 2 years after establishment (proposed). London, when established. Preparatory committee of 12 first met at Geneva in March 1948 and again at Lake Success in November 1948.	Preparatory Committee Chairman, J. V. Clyne (Canada); executive secretary, B. Lukac (UN Secretariat). UN Division of Transport and Communications servicing preparatory committee.	UN Maritime Conference met in 1948. IMCO established by convention which will take effect when ratified by 21 states, of which 7 shall each have at least 1,000,000 gross tons of shipping. UN GA signed agreement on relationship as specialized agency Nov. 18, 1948 (must be signed later by IMCO assembly.)

UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

UNICEF-----	26 on executive board-----	Aids children through supplementary feeding, provision of clothing, health, and other welfare projects.	Expenditures depend on contributions received. \$148,000,000 allocated by October 1950. 405 East 42d St., New York.	Executive Director, Maurice Pete (United States). Staff, about 230.	Established by UN GA Dec. '11, 1946. (UNICEF is an integral part of UN, not a specialized agency).
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¹ Initials and full names of specialized agencies:

ILO----- International Labor Organization.
 FAO----- Food and Agriculture Organization of the United Nations.
 UNESCO----- United Nations Educational, Scientific and Cultural Organization.
 ICAO----- International Civil Aviation Organization.
 WHO----- World Health Organization.
 Bank----- International Bank for Reconstruction and Development.
 Fund----- International Monetary Fund.

UPU----- Universal Postal Union.
 ITU----- International Telecommunication Union.
 IRO----- International Refugee Organization.
 WMO*----- World Meteorological Organization (to succeed International Meteorological Organization).
 ITO*----- International Trade Organization.
 IMCO*----- Intergovernmental Maritime Consultative Organization.

*Not yet formally established.

APPENDIX B

*United States contributions and outlays to the United Nations, its specialized agencies, emergency relief projects, and other special activities, fiscal years 1946-50*¹

Organization	United States, fiscal year—				
	1946	1947	1948	1949	1950
A. PERMANENT ORGANIZATIONS ²					
United Nations.....	³ \$6,153,500	⁴ \$9,495,347	\$10,949,805	\$13,841,032	\$16,601,021
Food and Agriculture Organization.....	625,000	1,250,000	1,250,000	1,250,000	⁵ 1,250,000
International Civil Aviation Organization.....	⁶ 119,160	⁶ 294,400	509,278	498,004	463,979
International Labor Organization.....	532,639	487,656	521,697	⁷ 1,091,739	848,058
International Telecommunication Union.....	8,215	59,309	6,983	58,393	⁸ 146,311
United Nations Educational, Scientific and Cultural Organization.....			⁹ 3,500,385	¹⁰ 3,601,424	2,887,173
Universal Postal Union.....	¹¹ 4,899	¹¹ 5,783	¹¹ 7,025	¹¹ 8,781	¹¹ 12,056
World Health Organization.....				1,860,884	1,918,220
Subtotal.....	7,443,413	11,592,495	16,745,173	22,210,257	24,126,818
B. TEMPORARY ORGANIZATIONS AND EMERGENCY PROGRAMS					
International Refugee Organization.....			71,024,899	70,643,728	70,447,729
United Nations International Children's Emergency Fund.....			32,795,833	25,491,692	15,356,361
United Nations Relief for Palestine Refugees.....				8,000,000	¹² 8,000,000
United Nations Relief and Works Agency for Palestine Refugees in the Near East.....					¹³ 2,000,000
International Civil Aviation Organization Joint Support Program.....				385,036	547,939
Subtotal.....			103,820,732	104,520,456	96,352,029
C. ADVANCES ON UNITED NATIONS BUILDING LOAN					
				¹⁴ 11,465,934	¹⁵ 25,675,860
Grand total.....	7,443,413	11,592,495	120,565,905	138,196,647	146,154,707

¹ Unless otherwise indicated, United States participation in international organizations listed has been financed from appropriations made or allocated to the Department of State. Figures given include advances to working capital funds.

² Does not include the International Bank for Reconstruction and Development or the International Monetary Fund, which are financed by capital subscriptions from member governments and income from operations rather than by annual contributions.

³ Represents a United States advance to working capital fund which stands to the credit of the United States.

⁴ Includes \$1,824,500 as a United States advance to working capital fund which stands to the credit of the United States.

⁵ The United States assessed contribution was \$1,302,500, but the maximum amount authorized to be appropriated annually for payment of the United States contribution was \$1,250,000 when the appropriation was approved. Public Law 806, 81st Cong., approved Sept. 21, 1950, raised the limitation so as to permit an appropriation of the full United States share.

⁶ Represents United States contribution to the Provisional International Civil Aviation Organization.

⁷ Includes \$312,918 as United States advance to a working capital fund which stands to the credit of the United States.

⁸ Figures are applicable to the ordinary budgets of the ITU for the calendar years 1949 and 1950.

⁹ Includes \$440,300 as United States advance to working capital fund which stands to the credit of the United States.

¹⁰ Includes \$397,300 as United States advance to working capital fund which stands to the credit of the United States.

¹¹ United States participation financed from appropriations made to Post Office Department.

¹² This figure is not an assessed percentage, since contributions to UNICEF are voluntary. Public Law 472, 80th Cong., approved Apr. 3, 1948, as amended by Public Law 170, 81st Cong., approved July 14, 1949 authorized the United States to contribute to UNICEF 72 percent of all Government contributions.

¹³ An amount of \$27,450,000 was appropriated for the fiscal year 1951 for voluntary contributions to UNRWA. This amount represented 50 percent of the estimated total cost of the program. The amount of \$2,000,000 which was contributed during the fiscal year 1950 was contributed out of funds advanced by the Reconstruction Finance Corporation pending an appropriation by the Congress as authorized by Public Law 535, 81st Cong., approved June 5, 1950.

¹⁴ Represents advances through June 30, 1949.

¹⁵ Represents advances through June 30, 1950.

SUMMARY FISCAL YEARS 1946-50

Contributions to United Nations.....	\$57,040,705
Contributions to permanent specialized agencies.....	25,077,451
Contributions to temporary organizations and emergency programs.....	304,693,217
Advances on United Nations building loan.....	37,141,794
Grand total.....	423,953,167

APPENDIX C

*Annual expenditures or appropriations of the United Nations and certain specialized agencies for the calendar years 1947, 1948, 1949, and 1950*¹

Organization	1947 actual expenditures	1948 actual expenditures	1949 actual expenditures	1950 appropriations	Total, 4-year period
United Nations.....	\$27,901,969	\$38,387,531	\$42,575,368	² \$44,520,773	\$153,385,641
PERMANENT SPECIALIZED AGENCIES					
UNESCO.....	6,162,826	7,136,265	7,309,997	8,000,000	28,609,088
ILO.....	3,819,276	4,208,734	4,935,933	6,023,526	18,987,369
FAO.....	4,036,862	4,174,501	4,654,519	5,000,000	17,865,882
ICAO ³	1,904,988	² 2,352,368	² 2,604,372	2,937,607	9,799,335
WHO ⁴	1,193,303	4,442,874	4,673,165	7,501,500	16,617,539
ITU.....	1,699,043	² 2,928,687	1,839,070	1,839,070	7,660,103
UPU.....	168,609	207,635	297,388	⁵ 332,964	1,006,596
Total, permanent specialized agencies.....	17,285,864	24,221,420	27,403,961	31,634,667	100,545,912
EMERGENCY RELIEF AND OTHER SPECIAL ACTIVITIES					
IRO ⁶	815,241	75,675,840	137,167,476	145,432,118	358,275,434
UNICEF.....	815,241	31,479,777	46,857,835	² 69,253,147	148,406,000
United Nations Program for Relief of Palestine Refugees.....			30,200,000	² 33,700,000	63,900,000
ICAO joint support program.....		77,592	2,985,788	¹ 1,048,000	4,111,380
Total emergency relief and other special activities.....	815,241	107,233,209	217,211,099	249,433,265	574,692,814
Grand total.....	46,003,074	169,842,160	287,190,428	325,588,705	782,824,367

¹ This chart is designed to indicate gross expenditures or appropriations. Casual revenues received by some of the organizations are not reflected.

² Estimated or actual expenditure.

³ ICAO operated on a fiscal year basis during 1946-47 and 1947-48.

⁴ WHO began operations in September 1948. The figures given are from September to December 1948, and include repayment to the United Nations of a loan made to the Interim Committee of WHO.

⁵ Estimated appropriation.

⁶ IRO commenced operations on July 1, 1947, and operates on a fiscal-year basis. Thus, the figures given are for fiscal years 1947-48, 1948-49, and 1949-50. It should be noted that the sum of \$137,167,476 constituting actual expenditures of IRO during fiscal year 1948-49 includes \$5,000,000 as a general provision for currency devaluation subsequent to June 30, 1949, in terms of United States dollars, of currencies not freely convertible into United States dollars.

⁷ During 1946 the United Nations and 6 of its specialized agencies expended a total of \$28,310,107. This would bring the grand total spent by the United Nations and its specialized agencies to approximately \$857,000,000 during the first 5 years of its existence. The 1946 expenditures figures break down as follows: United Nations, \$19,390,000; Food and Agriculture Organization, \$5,000,000; ILO, \$2,715,306; ICAO, \$996,972; TU, \$82,000; UPU, \$125,829.

APPENDIX D (1)

United Nations expenditures, 1947

[By objects of expenditure]

Group I. Meetings:

Travel of delegates (General Assembly).....	\$201,537
Travel of members (other than General Assembly).....	
Subsistence of members.....	405,829
Salaries and travel of consultants and liaison representatives.....	1,392
Temporary assistance.....	586,701
Overtime and night differential.....	54,751
Travel and subsistence of staff.....	506,080
Local transportation.....	270,396
Contractual printing.....	603,808
Rental and maintenance of premises.....	40,697
Utilities (light, heat, power, and water).....	12,104
Rental and maintenance of simultaneous interpretation equipment.....	18,347
Rental and maintenance of equipment.....	15,928

United Nations expenditures, 1947—Continued

Group I. Meetings—Continued

Radio and telecommunication services-----	\$16,804
Telephone services-----	13,830
Telegraph, cable, and wireless communications-----	39,972
Postal services-----	2,085
Freight, cartage, and express-----	25,927
Loss on cafeteria operations-----	35,771
Insurance-----	13,102
Other supplies and contractual services-----	36,677

Total of group I, meetings-----	2,901,738
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Group II. Personal services:

Salaries, wages, and other pay items:

Established posts-----	12,244,733
Consultants-----	237,791
Temporary assistance-----	880,241
Overtime-----	330,201
Night differential-----	44,558
Research project grants-----	25,625

Total-----	13,763,149
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Recruitment, leave, and termination expenses:

Travel and removal expenses of staff and dependents-----	521,552
Daily living allowances and installation grants-----	1,311,405
Termination pay and commutation of annual leave-----	287,321
Travel expenses of staff members and dependents on home leave-----	123,482

Total-----	2,243,760
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Staff benefits:

Reimbursement for national income taxation-----	673,085
Rental allowances-----	184,068
Local staff transportation-----	41,977
Losses on housing projects-----	55,757
Contributions, staff provident fund and staff pension fund-----	1,182,430
Expatriation allowances-----	255,514
Children's allowances, education grants and related travel-----	192,352
Contributions—medical and group life insurances-----	37,787
Indemnity, compassionate and ex gratia payments-----	4,667
Workmen's compensation-----	29,000

Total-----	2,656,637
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Staff welfare and training:

Staff training-----	14,591
Interne training-----	21,362
Staff recreation, health and welfare-----	35,953

Total of group II, personnel-----	18,699,499
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United Nations expenditures, 1947—Continued

Group III—General Services

Travel:

Travel on official business.....	\$286, 253
Travel of members of administrative committees.....	861

Total.....	287, 114
Hospitality.....	32, 239

Total.....	319, 353
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Communications:

Telephone, telegraph, cable and wireless communications.....	334, 514
Postal services.....	162, 117

Total.....	496, 691
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Information services:

Photographic and motion picture supplies and services.....	224, 261
Radio services.....	156, 611
Teletype and telecommunication services.....	
Newspapers and periodicals.....	7, 972
Preparation of exhibits.....	42, 992

Total.....	431, 836
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Rental and maintenance of premises:

Rental and maintenance of premises.....	676, 281
Utilities (light, heat, power, and water).....	263, 210
Rental and maintenance of premises and equipment.....	30, 101
Housing accommodations for the Secretary-General.....	13, 199

Total.....	982, 791
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Stationery, office supplies, and other supplies:

Stationery and office supplies.....	245, 660
Supplies for internal reproduction.....	335, 543

Total.....	581, 203
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Contractual printing.....	614, 058
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Rental and maintenance of furniture, fixtures, and office equipment:

Rental and maintenance of furniture and fixtures.....	13, 327
Rental and maintenance of simultaneous interpretation equipment.....	17, 286
Rental and maintenance of other office equipment.....	33, 202

Total.....	63, 815
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Rental, maintenance, and operation of transport.....	54, 977
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Freight, cartage, and express:

Freight, cartage, and express (excluding air freight).....	68, 001
Air freight.....	49, 947

Total.....	117, 948
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External audit costs.....	28, 302
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United Nations expenditures, 1947—Continued

Group III—General Services—Continued

Other supplies and services:

Insurance.....	\$44, 480
Rental and maintenance of other equipment.....	74, 027
Cafeteria clearance account (losses on cafeteria operations).....	24, 229
Miscellaneous supplies and contractual services.....	252, 826

Total..... 395, 562

Total of Group III, general services..... 4, 086, 477

Group IV. Permanent equipment:

Furniture, fixtures and office equipment:

Furniture and fixtures.....	189, 666
Internal reproduction equipment.....	15, 877
Simultaneous interpretation equipment.....	172, 018
Other office equipment.....	89, 780
Office furniture, fixtures and equipment.....	29, 850

Total..... 497, 191

Information services equipment:

Photographic and motion picture equipment.....	47, 588
Radio equipment.....	48, 417
Radio, photographic and motion picture equipment.....	20, 701

Total..... 116, 706

Library books, supplies and equipment:

Library books, periodicals and maps.....	60, 777
Library supplies and equipment.....	28, 339

Total..... 89, 116

Purchase of motor vehicles..... 22, 837

Other permanent equipment:

Alterations and improvements to premises.....	350, 470
Miscellaneous equipment.....	176, 092

Total..... 526, 562

Total of group IV, permanent equipment..... 1, 252, 412

Group V. Special projects and activities:

Advisory social welfare functions..... 436, 288

Total of Group V, special projects and activities..... 436, 288

Group Va. The International Court of Justice..... 525, 555

Grand total..... 27, 901, 969

Group VIII. Casual revenue..... 444, 467

Total, Group VIII..... 444, 467

Net total..... 27, 457, 502

APPENDIX D (2)

United Nations expenditures, 1948

[By objects of expenditure]

Group I. Meetings:

A. Annual conference (General Assembly):

Travel and subsistence:

(i) Delegates.....	\$127, 613
(ii) Staff.....	1, 158, 206
(iii) Consultants and liaison representatives.....	5, 172
Temporary staff.....	308, 475
Local transportation.....	29, 233
Supplies and materials.....	9, 454
Contractual printing.....	242, 789
Premises and equipment.....	54, 064
All other services.....	431, 504

Total.....	2, 366, 510
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Second special session of the General Assembly.....	165, 787
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B. Governing body, Council and other organizational meetings:

Travel and subsistence:

(i) Members.....	204, 084
(ii) Staff.....	313, 128
(iii) Consultants and liaison representatives.....	15, 544
Local transportation.....	19, 783
Contractual printing.....	313, 615
Other items.....	83, 491

Total.....	948, 645
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Total, Group I.....	3, 480, 942
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Group II. Personal Services:

Salaries, wages and other pay items:

Established posts.....	14, 652, 933
Consultants.....	196, 637
Temporary assistance.....	707, 252
Overtime.....	168, 583
Night differential.....	48, 900
Reimbursement for national income taxation.....	969, 655

16, 743, 960

Recruitment and termination expenses:

Travel and removal expenses of staff and dependents.....	474, 301
Installation allowances and grants.....	290, 031
Termination pay and commutation of annual leave.....	347, 243

1, 111, 575

Staff benefits and allowances:

Staff provident fund—staff pension fund.....	1, 528, 938
Children's allowances, education grants and related travel.....	343, 687
Expatriation allowances.....	603, 047
Rental allowances.....	325, 245
Travel on home leave.....	855, 837
Other (contributions, medical and group life insurances, indemnity, compassionate and ex gratia payments, workmen's compensation).....	219, 180

Total.....	3, 875, 934
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Staff training, health and welfare.....	44, 392
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Total, Group II.....	21, 775, 861
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United Nations expenditures, 1948—Continued

[By objects of expenditure]

Group III. General Services:	
Travel and transport.....	\$286, 901
Travel of members of administrative committees.....	11, 801
Hospitality.....	18, 321
Communication services.....	590, 933
Information services.....	444, 168
Information supplies and materials:	
(i) Information supplies and services.....	427, 845
(ii) Information services equipment.....	48, 801
Rental and maintenance of premises.....	1, 005, 645
Stationery and office supplies.....	159, 965
Supplies for internal reproduction.....	343, 769
Contractual printing.....	636, 325
Rental and maintenance of furniture, fixtures and equipment.....	305, 019
Freight, cartage and express.....	92, 159
Other supplies and services.....	197, 169
Total, Group III.....	4, 568, 821
Group IV. Special Projects and Activities:	
Missions of investigation and inquiry.....	5, 090, 808
Trusteeship visiting missions.....	47, 840
Other special projects and activities: Advisory Social Welfare Functions.....	544, 909
Total, Group IV.....	5, 683, 557
Group IVa. International Court of Justice.....	596, 658
Group V. Equipment Purchase:	
Furniture, fixtures, and office equipment.....	274, 871
Library books, periodicals, and maps.....	119, 416
Other equipment.....	117, 705
Total, group V.....	511, 992
Group VI. Property account: Alteration and improvements to leased premises.....	93, 165
Group VII. Other budgetary provisions:	
Special provision for liquidation of credits due to certain member states as a result of transfer of League of Nations assets to the United Nations.....	533, 767
United Nations Appeal for Children.....	284, 266
Loss on accounts receivable.....	92, 653
Expenses of the United Nations Conference on Trade and Employment borne by the United Nations (General Assembly resolution 244 (III)).....	765, 849
Total, group VII.....	1, 676, 535
Grand total.....	38, 387, 531
Group VIII. Casual revenue:	
Estimated returns for services rendered to other agencies.....	140, 286
Sale of publications.....	148, 097
Other.....	474, 771
Total, group VIII.....	763, 154
Net total.....	37, 624, 377

APPENDIX D (3)

United Nations expenditures, 1949

[By object of expenditure]

Group I. Meetings:

A. Annual Conference (General Assembly):

Travel and subsistence:

(i) Delegates.....	\$157,999
(ii) Staff.....	11,667
Temporary staff.....	230,608
Local transportation.....	97,995
Supplies and materials.....	688
Contractual printing.....	511,037
Premises and equipment.....	76,603
All other services.....	106,713

Total.....	1,193,310
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Second part of the third session of the General Assembly:

B. Governing body, Council and other organizational meetings:

Travel and subsistence:

(i) Members.....	208,661
(ii) Staff.....	146,031
(iii) Consultants and liaison representatives.....	3,423
Temporary staff.....	41,750
Local transportation.....	31,519
Other items.....	47,398

Total.....	478,782
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Total, group I.....	2,114,747
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Group II. Personal services:

Salaries, wages, and other pay items:

Established posts.....	18,914,549
Consultants.....	313,930
Temporary assistance.....	1,514,569
Overtime and night differential.....	329,530
Reimbursement for national income taxation.....	1,169,522

Total.....	22,242,100
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Recruitment and termination expenses:

Travel and removal expenses of staff and dependents.....	471,866
Installation allowances and grants.....	190,249
Termination pay and commutation of annual leave.....	245,485

Total.....	907,600
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Staff benefits and allowances:

Staff provident fund—staff pension fund.....	2,462,151
Children's allowances, education grants and related travel.....	383,590
Expatriation allowances.....	596,910
Rental allowances.....	406,741
Travel on home leave.....	542,837
Other.....	125,856

Total.....	4,518,085
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Staff training, health and welfare.....	70,020
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Total, group II.....	27,737,805
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United Nations expenditures, 1949—Continued

Group III. General services:	
Travel and transport.....	\$363, 202
Travel of members of administrative committees.....	22, 311
Hospitality.....	14, 518
Communications services.....	571, 236
Information services, supplies and materials.....	711, 264
Rental and maintenance of premises.....	1, 004, 963
Stationery and office supplies.....	195, 050
Supplies for internal reproduction.....	421, 445
Contractual printing.....	1, 236, 190
Rental and maintenance of furniture, fixtures and equipment.....	413, 841
Freight, cartage and express.....	130, 669
Other supplies and services.....	161, 807
Total, group III.....	5, 246, 496
Group IV. Special projects and activities:	
Missions of investigation and inquiry.....	5, 397, 701
Trusteeship visiting missions.....	40, 919
Other special projects and activities:	
Junior-professional trainee program.....	
Bureau of Flood Control.....	38, 833
Advisory social-welfare functions.....	536, 013
Technical assistance for economic development.....	184, 010
	758, 856
Total, group IV.....	6, 197, 476
Appropriation of income from the library endowment fund.....	(20, 127)
Group IV-A. International Court of Justice.....	588, 512
Group V. Equipment purchase:	
Furniture, fixtures and office equipment.....	437, 747
Library books, periodicals and maps.....	92, 969
Other equipment.....	108, 655
Total, group V.....	639, 371
Group VI. Property account: Alterations and improvements to premises.....	35, 403
Group VII. Other budgetary provisions:	
United Nations appeal for children.....	12, 911
Loss on accounts receivable.....	2, 647
Total, group VII.....	15, 558
Grand total.....	42, 575, 368
Group VIII. Casual revenue:	
Staff assessment plan.....	3, 669, 336
Estimated returns for services rendered to other agencies.....	322, 337
Sale of publications.....	162, 245
Other.....	692, 024
Total, group VIII.....	4, 845, 942
Net total.....	37, 729, 426

APPENDIX D (4)

United Nations appropriations, 1950

[By objects of expenditure]

Group I. Meetings:

A. Annual conference (General Assembly):

Travel and subsistence:

(i) Delegates.....	\$154, 140
(ii) Staff.....	13, 425
Temporary staff.....	180, 200
Local transportation.....	83, 360
Supplies and materials.....	10, 000
Contractual printing.....	434, 500
Premises and equipment.....	60, 930
All other services.....	80, 600

Total.....	1, 017, 155
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B. Governing body, Council and other organizational meetings:

Travel and subsistence:

(i) Members.....	289, 140
(ii) Staff.....	108, 895
(iii) Consultants and liaison representatives.....	9, 460
Temporary staff.....	2, 600
Local transportation.....	45, 110
Other items.....	53, 240

Total.....	508, 445
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Total, group I.....	1, 525, 600
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Group II. Personal services:

Salaries, wages and other pay items:

Established posts.....	21, 009, 740
Consultants.....	349, 700
Temporary assistance.....	819, 560
Overtime and night differential.....	274, 200
Reimbursement for national income taxation.....	-----

Total.....	22, 453, 200
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Recruitment and termination expenses:

Travel and removal expenses of staff and dependents.....	440, 318
Installation allowances and grants.....	179, 180
Termination pay and commutation of annual leave.....	205, 000

Total.....	824, 498
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Staff benefits and allowances:

Staff provident fund—Staff pension fund.....	2, 178, 962
Children's allowances, education grants, and related travel.....	369, 700
Expatriation allowances.....	627, 080
Rental allowances.....	405, 400
Travel on home leave.....	964, 400
Other.....	182, 000

Total.....	4, 727, 542
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Staff training, health and welfare.....	79, 100
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Total, group II.....	28, 094, 340
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United Nations appropriations, 1950

Group III. General services:	
Travel and transport.....	\$374, 680
Travel of members of administrative committees.....	18, 700
Hospitality.....	20, 000
Communications services.....	577, 760
Information services, supplies and materials.....	714, 360
Rental and maintenance of premises.....	1, 032, 600
Stationery and office supplies.....	195, 220
Supplies for internal reproduction.....	337, 350
Contractual printing.....	1, 407, 200
Rental and maintenance of furniture fixtures and equipment.....	457, 650
Freight, cartage and express.....	130, 320
Other supplies and services.....	130, 850
Total, group III.....	5, 396, 690
Group IV. Special projects and activities:	
Missions of investigation and inquiry.....	3, 342, 700
Trusteeship visiting missions.....	82, 400
Other special projects and activities:	
Junior-professional trainee program.....	55, 000
Bureau of Flood Control.....	79, 000
Advisory social-welfare functions.....	610, 500
Technical assistance for economic development.....	476, 990
International Center for Training in Public Administration.....	145, 000
United Nations Field Service.....	337, 000
International regime for Jerusalem.....	8, 000, 000
Total.....	9, 703, 490
Total, group IV.....	13, 128, 590
Appropriation of income from the library endowment fund.....	(14, 000)
Group IV-a. International Court of Justice.....	592, 115
Group V. Equipment purchase:	
Furniture, fixtures, and office equipment.....	203, 560
Library books, periodicals and maps.....	74, 160
Other equipment.....	74, 850
Total, group V.....	352, 570
Group VI. Property account: Alterations and improvements to premises.....	18, 100
Group VII. Other budgetary provisions: Special provision for liquidation of credits due to certain member states as a result of transfer of League of Nations assets to the United Nations.....	533, 768
Grand total.....	49, 641, 773
Group VIII. Casual revenue:	
Staff assessment plan.....	¹ 4, 088, 765
Estimated returns for services rendered to other agencies.....	191, 400
Sale of publications.....	225, 600
Other.....	614, 525
Total, group VIII.....	¹ 5, 120, 290
Net total.....	44, 521, 483

¹ Includes \$28,550, assessments on salaries and allowances of staff of the International Court of Justice. This item was not included in the estimates of miscellaneous income approved by the General Assembly at its fourth session. See Resolution 356 (IV).

APPENDIX D (5)

Food and Agriculture Organization appropriations, 1950

[By object]

Group I. Meetings:

Annual conference:

External printing	\$22, 500
All other services	1, 000
	<hr/> 23, 500

Governing body, councils, and other organizational meetings:

Honorarium of chairman	5, 000
Travel and subsistence:	
Members	21, 500
Staff	14, 000
Temporary staff	7, 000
Supplies and materials	500
External printing	500
All other services	7, 500
	<hr/> 56, 000

Other Organization meetings	92, 280
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Total, group I	<hr/> 171, 780
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Group II. Personal services:

Salaries, wages, and other pay items:

Established posts	2, 843, 890
Representation allowances	18, 500
Consultants	29, 400
Temporary assistance	46, 665
Overtime	25, 000
Reimbursement for national income taxation	155, 970
Estimated cost of staff assessment plan	1, 000
	<hr/> 3, 120, 425

Recruitment and termination expenses:

Travel and removal expenses of staff and dependents	34, 180
Installation allowances	12, 750
Termination pay and commutation of annual leave	15, 000
Liability insurance	17, 000
	<hr/> 78, 930

Staff benefits and allowances:

Staff provident fund	346, 825
Children's and educational allowance	61, 840
Travel on home leave	21, 000
Repatriation expense	10, 550
	<hr/> 440, 215

Staff health and welfare (group health)	4, 290
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Total, group II	<hr/> 3, 643, 860
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Food and Agricultural Organization appropriations, 1950—Continued

[By object]

Group III. General services:	
Official travel.....	\$395, 155
Local transportation.....	5, 200
Postal services.....	54, 300
Telephone, telegraph, cable, and teletype.....	49, 600
Information services.....	21, 500
Rental of premises.....	261, 080
Maintenance of premises.....	5, 850
Utilities.....	5, 675
Stationery and office supplies.....	36, 800
Supplies for internal reproduction.....	26, 670
External printing.....	129, 685
Maintenance of furniture, fixtures, and equipment.....	9, 880
Freight, cartage, and express.....	11, 105
Other supplies and services.....	18, 675
International civil service advisory board.....	1, 500
Legislative service (Rome).....	1, 225
Total, group III.....	1, 033, 900
Group IV. Special projects and activities: Technical missions (ad memoriam).....	
	1, 000
Total, group IV.....	1, 000
Group V. Equipment purchase:	
Furniture, fixtures, and office equipment.....	27, 150
Library books, periodicals, and maps.....	8, 955
Other equipment.....	7, 500
Total, group V.....	43, 605
Group VI. Property account: Alterations and improvements to leased premises.....	
	4, 500
Total, group VI.....	4, 500
Group VII. Other budgetary provisions:	
Prior financial year expenditures charged to current budget (ad memorium).....	10
Provisions for new projects—contingencies and unforeseen.....	101, 345
Total, group VII.....	101, 355
Grand total.....	5, 000, 000
Group VIII. Casual revenue: Sale of publications, interest on in- vestment, miscellaneous.....	
	30, 000
Total, group VIII.....	30, 000
Net total.....	4, 970, 000

APPENDIX D (6)

International Civil Aviation Organization appropriations, 1950

[By object]

Group I. Meetings:

Annual conference:

Travel and subsistence, staff	\$6, 000
Temporary staff	30, 000
Supplies and materials	7, 500
Premises and equipment	10, 000
All other services	20, 700
	<hr/> 74, 200 <hr/>

Governing body, councils, and other organizational meetings:

Travel and subsistence, members	37, 800
Temporary staff	30, 400
All other services	15, 700
	<hr/> 83, 900 <hr/>

Total, Group I	<hr/> 158, 100 <hr/>
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Group II. Personal services:

Salaries and wages and pay items:

Established posts	1, 520, 025
Consultants	12, 100
Overtime	13, 850
	<hr/> 1, 545, 975 <hr/>

Recruitment and termination expenses:

Travel and removal expenses of staff and dependents	79, 550
Installation allowances and grants	13, 690
Other	2, 590
	<hr/> 95, 830 <hr/>

Staff benefits and allowances:

Staff provident fund, staff pension fund	215, 882
Children's allowances, education grants and related travel	25, 168
Travel on home leave	28, 200
Other	156, 090
	<hr/> 425, 340 <hr/>

Staff training, health and welfare	<hr/> 3, 100 <hr/>
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Total, group II	<hr/> 2, 070, 245 <hr/>
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Group III. General services:

Travel and transport	80, 000
Hospitality	4, 900
Communications services	82, 500
Information services	5, 000
Rental and maintenance of premises	209, 562
Stationery and office supplies	15, 150
Supplies for internal reproduction	72, 450
Contractual printing	99, 400
Rental and maintenance of furniture, fixtures and equipment	5, 500
Freight, cartage, and express	1, 200
Other supplies and services	43, 300
	<hr/> 618, 962 <hr/>

Total, group III	<hr/> 618, 962 <hr/>
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International Civil Aviation Organization appropriations, 1950—Continued

[By object]

Group IV. Special projects and activities-----	
Group V. Equipment purchase:	
Furniture, fixtures, and office equipment-----	\$69,400
Other equipment-----	11,900
Total, group V-----	81,300
Group VI. Property account-----	
Group VII. Other budgetary provisions: Provisions for new projects, contingencies, and unforeseen expenses-----	9,000
Total, group VII-----	9,000
Grand total-----	2,937,607
Group VIII. Casual revenue:	
Sale of publications-----	30,000
Other-----	97,000
Total, group VIII-----	127,000
Net total-----	2,810,607

APPENDIX D (7)

International Labor Organization appropriations, 1950

[By object]

Group I. Meetings:	
Annual conference:	
Travel and subsistence, staff-----	\$26,100
Temporary staff-----	37,000
Local transportation-----	5,500
Contractual printing-----	116,772
Premises and equipment-----	5,500
All other services-----	3,000
-----	193,872
Governing body, councils, and other organizational meetings:	
Travel and subsistence:	
Members-----	503,264
Staff-----	122,954
Temporary staff-----	22,500
Contractual printing-----	38,108
Premises and equipment-----	5,140
All other services-----	14,350
-----	706,316
Total-----	900,188
Less direct contributions by host country-----	22,011
-----	878,177
Group II. Personal Services:	
Salaries and wages and other pay items:	
Established posts-----	2,727,465
Consultants-----	154,673
Temporary assistance-----	160,480
Overtime-----	4,400
-----	3,047,018

International Labor Organization appropriations, 1950—Continued

[By object]

Group II. Personal Service:—Continued	
Recruitment and termination expenses:	
Travel and removal expenses of staff and dependents.....	\$129, 411
Other.....	1, 700
	<hr/> 131, 111 <hr/>
Staff benefits and allowances:	
Staff provident fund—staff pension fund.....	521, 316
Children's allowances, education grants and related travel..	84, 203
Travel on home leave.....	182, 562
Other.....	8, 626
	<hr/> 796, 707 <hr/>
Staff training, health, and welfare.....	5, 090
	<hr/> 5, 090 <hr/>
Total, group II.....	<hr/> 3, 979, 926 <hr/>
Group III. General services:	
Travel and transport.....	139, 978
Hospitality.....	15, 868
Communication services.....	119, 577
Information services.....	59, 328
Rental and maintenance of premises.....	114, 966
Stationery and office supplies.....	52, 169
Contractual printing.....	239, 140
Rental and maintenance of furniture, fixtures, and equipment..	13, 373
Freight, cartage and express.....	5, 000
Other supplies and services.....	31, 995
	<hr/> 791, 394 <hr/>
Total, group III.....	<hr/> 791, 394 <hr/>
Group IV. Special projects and activities.....	75, 000
	<hr/> 75, 000 <hr/>
Total, group IV.....	<hr/> 75, 000 <hr/>
Group V. Equipment purchase:	
Furniture, fixtures, and office equipment.....	53, 533
Library books, periodicals, and maps.....	22, 952
	<hr/> 76, 485 <hr/>
Total, group V.....	<hr/> 76, 485 <hr/>
Group VI. Property account: Land and buildings.....	100
	<hr/> 100 <hr/>
Total, group VI.....	<hr/> 100 <hr/>
Group VII. Other budgetary provisions:	
Unpaid liability fund.....	6, 000
Reserve fund.....	212, 944
Other.....	3, 500
	<hr/> 222, 444 <hr/>
Total, group VII.....	<hr/> 222, 444 <hr/>
Grand total.....	<hr/> 6, 023, 526 <hr/>
Group VIII. Casual revenue: Sale of publications.....	40, 000
	<hr/> 40, 000 <hr/>
Total, group VIII.....	<hr/> 40, 000 <hr/>
Net total.....	<hr/> 5, 928, 526 <hr/>

APPENDIX D (8)

United Nations Educational, Scientific and Cultural Organization appropriations, 1950

[By object]

Group I. Meetings:

Annual conference:

Travel and subsistence, staff	\$105, 589
Temporary staff	66, 000
Local transportation	1, 300
Supplies and materials	1, 900
Contractual printing	35, 800
Premises and equipment	3, 800
All other services	25, 850

240, 239

Governing body, councils and other organizational meetings:

Travel and subsistence	57, 417
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Total, group I..... 297, 656

Group II. Personal services:

Salaries, wages and other pay items:

Established posts	2, 951, 998
Consultants	43, 500
Temporary assistance	176, 251
Overtime	4, 000
Night differential	640
Research and other personal contract fees	480, 313
Reimbursement for national income taxation	25, 000

3, 681, 702

Recruitment and termination expenses:

Travel and removal expenses of staff and dependents	157, 204
Installation allowances and grants	22, 669
Termination pay and computation of annual leave	

179, 873

Staff benefits and allowances:

Staff provident fund—staff pension fund	387, 489
Children's allowances, education grants and related travel	75, 084
Expatriation allowances	250, 449
Travel on home leave	86, 027
Other	6, 500

805, 549

Staff training, health and welfare

61, 996

Total, group II..... 4, 729, 120

Group III. General services:

Travel and transport	610, 186
Hospitality	20, 226
Communication services	169, 750
Rental and maintenance of premises	182, 586
Stationery and office supplies	54, 785
Supplies for internal reproduction	54, 081
Contractual printing	369, 032
Rental and maintenance of furniture, fixtures and equipment	15, 977
Freight, cartage, and express	66, 086
Other supplies and services	179, 660

Total, group III..... 1, 722, 369

*United Nations Educational, Scientific and Cultural Organization appropriations,
1950—Continued*

[By object]

Group IV. Special projects and activities-----	\$1, 168, 739
Total, group IV-----	1, 168, 739
Group V. Equipment purchase:	
Furniture, fixtures and office equipment-----	55, 756
Library books, periodicals, and maps-----	33, 610
Other equipment-----	2, 750
Total, group V-----	92, 116
Group VI. Property account-----	
Group VII. Other budgetary provisions-----	
Grand total-----	8, 010, 000
Less: Contribution by the Government of Cuba to the Regional office in Latin America-----	10, 000
Total appropriation (per budget document)-----	8, 000, 000

APPENDIX D (9)

World Health Organization appropriations, 1950

[By object]

Group I. Meetings:	
Annual conference:	
Travel and subsistence:	
Delegates-----	\$47, 850
Staff-----	34, 800
Temporary staff-----	28, 703
Local transportation-----	1, 500
Supplies and materials-----	36, 500
Contractual printing-----	24, 625
Premises and equipment-----	8, 600
All other services-----	3, 000
	160, 278
Governing body, councils, and other organizational meetings:	
Travel and subsistence:	
Members-----	29, 510
Staff-----	32, 370
Temporary staff-----	6, 500
Local transportation-----	800
Supplies and materials-----	22, 500
Contractual printing-----	8, 000
Premises and equipment-----	3, 900
All other services-----	3, 000
	106, 580
Total, group I-----	266, 858

World Health Organization appropriations, 1950—Continued

[By object]

Group II. Personal services:

Salaries, wages and other pay items:

Established posts-----	\$3, 171, 550
Consultants-----	159, 000
Temporary assistance-----	3, 776
Reimbursement for national income taxation-----	28, 230
	<u>3, 362, 556</u>

Recruitment and termination expenses:

Travel and removal expenses of staff and dependents-----	190, 372
Installation allowances—grants-----	137, 786
	<u>328, 158</u>

Staff benefits and allowances:

Staff provident-pension fund-----	443, 176
Children's allowances, education grants-related travel-----	107, 435
Expiration allowances-----	153, 690
Travel on home leave-----	19, 542
Other-----	6, 500
	<u>730, 343</u>

Staff training, health and welfare-----	29, 866
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Total, group II-----	<u>4, 450, 923</u>
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Group III. General services:

Travel and transport-----	711, 152
Hospitality-----	14, 250
Communication services-----	82, 901
Information service, supplies, materials-----	8, 460
Rental and maintenance of premises-----	147, 123
Stationery and office supplies-----	117, 742
Contractual printing-----	178, 200
Rental and maintenance of furniture, fixtures and equipment-----	2, 756
Other supplies and services-----	236, 583

Total, group III-----	<u>1, 499, 167</u>
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Group IV. Special projects and activities-----	1, 073, 533
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Total, group IV-----	<u>1, 073, 533</u>
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Group V. Equipment purchase:

Furniture, fixtures and office equipment-----	168, 619
Library books, periodicals and maps-----	20, 000
Other equipment-----	22, 400

Total, group V-----	<u>211, 019</u>
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Grand total-----	<u>7, 501, 500</u>
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APPENDIX E

FINANCIAL REGULATIONS ADOPTED BY THE GENERAL ASSEMBLY ON NOVEMBER 16, 1950

ARTICLE I. APPLICABILITY

1.1 These regulations shall govern the financial administration of the United Nations, including the International Court of Justice.

ARTICLE II. THE FINANCIAL YEAR

2.1 The financial year shall be the period 1 January through 31 December.

ARTICLE III. THE BUDGET

3.1 The annual budget estimates shall be prepared by the Secretary-General.

3.2 The estimates shall cover income and expenditures for the financial year to which they relate, and shall be presented in US dollars.

3.3 The annual budget estimates shall be divided into parts, section, chapters, and articles, and shall be accompanied by such information annexes and explanatory statements as may be requested by, or on behalf of the General Assembly, and such further annexes or statements as the Secretary-General may deem necessary and useful.

3.4 The Secretary-General shall submit to the regular session of the General Assembly budget estimates for the following financial year. The estimates shall be transmitted to all Member States at least five weeks prior to the opening of the regular session of the General Assembly.

3.5 The Secretary-General shall, at least twelve weeks prior to the opening of the regular session of the General Assembly, submit the estimates to the Advisory Committee on Administrative and Budgetary Questions (hereinafter referred to as the "Advisory Committee") for examination.

3.6 The Advisory Committee shall prepare a report to the General Assembly on the estimates submitted by the Secretary-General. This report shall be transmitted to all member states at the same time as the estimates.

3.7 The budget for the following financial year shall be adopted by the General Assembly after consideration and report on the estimates by the Administrative and Budgetary Committee of the Assembly.

3.8 Supplementary estimates may be submitted by the Secretary-General whenever necessary.

3.9 The Secretary-General shall prepare supplementary estimates in a form consistent with the annual estimates and shall submit such estimates to the General Assembly. The Advisory Committee shall review such estimates and report thereon.

ARTICLE IV. APPROPRIATIONS

4.1 The appropriations voted by the General Assembly shall constitute an authorization to the Secretary-General to incur obligations and make payments for the purposes for which the appropriations were voted and up to the amounts so voted.

4.2 Appropriations shall be available for obligation during the financial year to which they relate.

4.3 Appropriations shall remain available for twelve months following the end of the financial year to which they relate to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial year and to liquidate any other outstanding legal obligation of the year. The balance of the appropriations shall be surrendered.

4.4 At the end of the twelve-month period provided in regulation 4.3 above, the then remaining balance of any appropriations retained will be surrendered. Any unliquidated prior-year obligations shall at that time be canceled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.

4.5 No transfer between appropriation sections may be made without authorization by the General Assembly.

ARTICLE V. PROVISION OF FUNDS

5.1 The appropriations, subject to the adjustments effected in accordance with the provisions of regulation 5.2, shall be financed by contributions from Member States, according to the scale of assessments determined by the General Assembly. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.

5.2 In the assessment of the contributions of Member States, adjustments shall be made to the amount of the appropriations approved by the General Assembly for the following financial year in respect of—

(a) Supplementary appropriations for which contributions have not previously been assessed on Member States.

(b) Miscellaneous income for which credits have not previously been taken into account, and any adjustments in estimated miscellaneous income previously taken into account.

(c) Contributions resulting from the assessment of new Member States under the provisions of regulation 5.8.

(d) Any balance of the appropriations surrendered under regulations 4.3 and 4.4.

5.3 After the General Assembly has adopted the budget and determined the amount of the Working Capital Fund, the Secretary-General shall—

(a) Transmit the relevant documents to Member States.

(b) Inform Member States of their commitments in respect of annual contributions and advances to the Working Capital Fund.

(c) Request them to remit their contributions and advances.

5.4 Contributions and advances shall be considered as due and payable in full within 30 days of the receipt of the communication of the Secretary-General referred to in regulation 5.3 above, or as of the first day of the financial year to which they relate, whichever is the later. As of 1 January of the following financial year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.

5.5 Annual contributions and advances to the Working Capital Fund of the United Nations shall be assessed and paid in US dollars.

5.6 Payments made by a Member State shall be credited first to the Working Capital Fund and then to the contributions due in the order in which the Member was assessed.

5.7 The Secretary-General shall submit to the regular session of the General Assembly a report on the collection of contributions and advances to the Working Capital Fund.

5.8 New Members shall be required to make a contribution for the year in which they become Members and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the General Assembly.

5.9 States which are not members of the United Nations but which become parties to the Statute of the International Court of Justice or treaty bodies financed from United Nations appropriations shall contribute to the estimated expenses of such bodies at rates to be determined by the General Assembly. Such contributions shall be taken into account as miscellaneous income.

ARTICLE VI. FUNDS

6.1 There shall be established a General Fund for the purpose of accounting for the expenditures of the Organization. The contributions paid by Member States under regulation 5.1, miscellaneous income, and any advances made from the Working Capital Fund to finance general expenditures shall be credited to the General Fund.

6.2 There shall be established a Working Capital Fund in an amount and for purposes to be determined from time to time by the General Assembly. The source of moneys of the Working Capital Fund shall be advances from Member States, and these advances, made in accordance with the scale of assessments as determined by the General Assembly for the apportionment of the expenses of the United Nations, shall be carried to the credit of the Member States which have made such advances.

6.3 Advances made from the Working Capital Fund to finance budgetary appropriations during a financial year shall be reimbursed to the Fund as soon as and to the extent that income is available for that purpose.

6.4 Except when such advances are recoverable from some other source, advances made from the Working Capital Fund for unforeseen and extraordinary

expenses or other authorized purposes shall be reimbursed through the submission of supplementary estimates.

6.5 Income derived from investments of the Working Capital Fund shall be credited to miscellaneous income.

6.6 Trust funds, Reserve and Special Accounts may be established by the Secretary-General and shall be reported to the Advisory Committee.

6.7 The purpose and limits of each Trust Fund, Reserve and Special Account shall be clearly defined by the appropriate authority. Unless otherwise provided by the General Assembly, such Funds and Accounts shall be administered in accordance with the present Regulations.

ARTICLE VII. OTHER INCOME

7.1 All other income, except—

- (a) Contributions to the budget;
- (b) Direct refunds of expenditures made during the financial year; and
- (c) Advances or deposits to Funds,

shall be classed as miscellaneous income, for credit to the General Fund.

7.2 Voluntary contributions, whether or not in cash, may be accepted by the Secretary-General, provided that the purposes for which the contribution is made are consistent with the policies, aims and activities of the Organization, and provided that the acceptance of such contributions which directly or indirectly involve additional financial liability for the Organization shall require the consent of the appropriate authority.

7.3 Moneys accepted for purposes specified by the donor shall be treated as Trust Funds or Special Accounts under regulations 6.6 and 6.7.

7.4 Moneys accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as "gifts" in the annual accounts.

ARTICLE VIII. CUSTODY OF FUNDS

8.1 The Secretary-General shall designate the bank or banks in which the funds of the Organization shall be kept.

ARTICLE IX. INVESTMENT OF FUNDS

9.1 The Secretary-General may make short-term investments of moneys not needed for immediate requirements and shall inform the Advisory Committee periodically of such investments which he has made.

9.2 The Secretary-General may make long-term investments of moneys standing to the credit of Trust Funds, Reserve and Special Accounts as may be provided by the appropriate authority in respect of each such Fund or Account.

9.3 Income derived from investments shall be credited as provided in the rules relating to each Fund or Account.

ARTICLE X. INTERNAL CONTROL

10.1 The Secretary-General shall—

(a) Establish detailed financial rules and procedures in order to insure effective financial administration and the exercise of economy;

(b) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received, and that payments have not previously been made;

(c) Designate the officers who may receive moneys, incur obligations, and make payments on behalf of the Organization;

(d) Maintain an internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to insure—

(i) The regularity of the receipt, custody, and disposal of all funds and other financial resources of the Organization.

(ii) The conformity of obligations and expenditures with the appropriations or other financial provision voted by the General Assembly, or with the purposes and rules relating to Trust Funds and Special Accounts.

(iii) The economic use of the resources of the Organization.

10.2 No obligations shall be incurred until allotments or other appropriate authorizations have been made in writing under the authority of the Secretary-General.

10.3 The Secretary-General may make such *ex gratia* payments as he deems to be necessary in the interests of the Organization, provided that a statement of such payments shall be submitted to the General Assembly with the annual accounts.

10.4 The Secretary-General may, after full investigation, authorize the writing off of losses of cash, stores, and other assets, provided that a statement of all such amounts written off shall be submitted to the Auditors with the annual accounts.

10.5 Tenders for equipment, supplies, and other requirements shall be invited by advertisement, except where the Secretary-General deems that, in the interests of the Organization, a departure from the rule is desirable.

ARTICLE XI. THE ACCOUNTS

11.1 The Secretary-General shall maintain such accounting records as are necessary and shall submit annual accounts showing for the financial year to which they relate—

- (a) The income and expenditures of all Funds.
- (b) The status of appropriations, including—
 - (i) The original budget appropriations.
 - (ii) The appropriations as modified by any transfers.
 - (iii) The amounts charged against those appropriations and/or other credits.
- (c) The assets and liabilities of the Organization.

He shall also give such other information as may be appropriate to indicate the current financial position of the Organization.

11.2 The annual accounts of the Organization shall be presented in US dollars. Accounting records may, however, be kept in such currency or currencies as the Secretary-General may deem necessary.

11.3 Appropriate separate accounts shall be maintained for all Trust Funds, Reserve and Special Accounts.

11.4 The annual accounts shall be submitted by the Secretary-General to the Board of Auditors not later than 31 March following the end of the financial year.

ARTICLE XII. EXTERNAL AUDIT

12.1 Subject to any special direction of the General Assembly, each audit which the Board of Auditors established under resolution (74) (I) is required to make shall be conducted in accordance with the principles set out in the annex to the present regulations.

12.2 At the commencement of each financial year the Board of Auditors and the Advisory Committee shall be notified as to the sum provided to defray the cost of audit of each trust fund, reserve and special account to be performed by the Board during the year. Thereupon, the Board shall consult the Advisory Committee relative to the scope of the several audits to be made by the Board.

12.3 The Board of Auditors may allocate, subject to the concurrence of the Advisory Committee, the audit work among the members of the Board: *Provided*, That two members shall jointly certify the annual accounts submitted by the Secretary-General in accordance with the provisions of article XI, 11.4.

12.4 Whenever any financial statement is certified by only one member of the Board of Auditors, there shall be associated therewith a certificate of another member of the Board to the effect that the audit program had been approved by the Board and that all special instructions given by the Board to the member were carried out.

12.5 Whenever it is necessary to make a local or special examination, the Board of Auditors may, subject to the budgetary provision for the audit concerned, arrange for the services of any national Auditor-General (or equivalent title) who is eligible to be appointed to the membership of the Board or of commercial public auditors of known repute.

ARTICLE XIII. RESOLUTIONS INVOLVING EXPENDITURES

13.1 No council, commission, or other competent body shall take a decision involving expenditure unless it has before it a report from the Secretary-General on the administrative and financial implications of the proposal.

13.2 Where, in the opinion of the Secretary-General, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the General Assembly has made the necessary appropriations, unless the Secre-

tary-General certifies that provision can be made under the conditions of the resolution of the General Assembly relating to unforeseen and extraordinary expenses.

ARTICLE XIV. GENERAL PROVISIONS

14.1 These regulations shall be effective as of the date of their approval by the General Assembly, and may be amended only by the General Assembly.

ARTICLE XV. SPECIAL PROVISIONS

15.1 The estimates of the International Court of Justice shall be prepared by the Court, in consultation with the Secretary-General. These estimates shall be submitted to the General Assembly by the Secretary-General, together with such observations as he may deem desirable.

ANNEX TO THE FINANCIAL REGULATIONS—PRINCIPLES TO GOVERN THE AUDIT PROCEDURES OF THE UNITED NATIONS

1. The Board of Auditors shall perform an audit of the accounts of the United Nations, including all Trust and Special Accounts, as it may deem necessary in order to certify—

(a) That the financial statements are in accord with the books and records of the Organization.

(b) That the financial transactions reflected in the statements have been in accordance with the rules and regulations, the budgetary provisions, and other applicable directives.

(c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Organization's depositories or by actual count.

2. Subject to the provisions of the Financial Regulations, the Board of Auditors shall be the sole judge as to the acceptance in whole or in part of certifications by the Secretariat and may proceed to such detailed examination and verification as it chooses of all financial records, including those relating to supplies and equipment.

3. The Board of Auditors may affirm by test the reliability of the internal audit, and may make such reports with respect thereto, as the Board may deem necessary, to the General Assembly or to the Advisory Committee on Administrative and Budgetary Questions, or to the Secretary General.

4. The several members of the Board and staff working under its direction shall subscribe to such oath as may be approved by the Advisory Committee on Administrative and Budgetary Questions. Thereupon the members of the Board and its staff shall have free access at all convenient times to all books of account and records which are, in the opinion of the Board, necessary for the performance of the audit. Information classified as confidential in the records of the Secretariat, and which is required by the Board for the purposes of the audit, shall be made available on application to the Assistant Secretary General for Administrative and Financial Services. In the event that the Board is of the opinion that a duty rests on it to draw to the attention of the General Assembly any matter respecting which all or part of the documentation is classified as confidential, direct quotation should be avoided.

5. The Board of Auditors, in addition to certifying the accounts, may make such observations as it may deem necessary with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the financial consequences of administrative practices.

6. In no case, however, shall the Board of Auditors include criticism in its audit report without first affording the Secretariat an opportunity of explanation to the Board of the matter under observation. Audit objections to any items arising during the examination of the accounts shall be immediately communicated to the Assistant Secretary General for Administrative and Financial Services.

7. The Board of Auditors shall prepare a report on the accounts certified, in which it should mention—

(a) The extent and character of its examination of any important changes therein.

(b) Matters affecting the completeness or accuracy of the accounts, such as:

(i) Information necessary to the correct interpretation of the account.

- (ii) Any amounts which ought to have been received but which have not been brought to account.
- (iii) Expenditures not properly substantiated.
- (c) Other matters which should be brought to the notice of the General Assembly, such as:
 - (i) Cases of fraud or presumptive fraud.
 - (ii) Wasteful or improper expenditure of United Nations' money or other assets (notwithstanding that the accounting for the transactions may be correct).
 - (iii) Expenditure likely to commit the United Nations to further outlay on a large scale.
 - (iv) Any defect in the general system or detailed regulations governing the control of receipts and expenditure, or of supplies and equipment.
 - (v) Expenditure not in accordance with the intention of the General Assembly, after making allowance for duly authorized transfers within the budget.
 - (vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget.
 - (vii) Expenditure not in conformity with the authority which governs it.
- (d) The accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records.
In addition, the reports may contain reference to:
- (e) Transactions accounted for in a previous year, concerning which further information has been obtained, or transactions in a later year concerning which it seems desirable that the General Assembly should have early knowledge.
- 8. The Board of Auditors, or such of their officers as they may designate, shall certify the financial statements in the following terms: "The financial statements of the United Nations for the financial year ended 31 December —, have been examined in accordance with our directions. We have obtained all the information and explanations that we have required, and we certify, as a result of the audit, that, in our opinion, the financial statements are correct," adding, should it be necessary, "subject to the observations in our report."
- 9. The Board of Auditors shall have no power to disallow items in the accounts, but shall draw to the attention of the Secretary General for appropriate action any transaction concerning which it entertains doubt as to legality or propriety.
- 10. A representative of the Board of Auditors shall be present when the Board's report is being considered by the General Assembly.

APPENDIX F

UNITED NATIONS BUDGET APPROPRIATIONS FOR THE FINANCIAL YEAR 1950¹

The General Assembly resolves that for the financial year 1950—

1. An amount of U. S. \$49,641,773 is hereby appropriated for the following purposes:

A. UNITED NATIONS

Part I. Sessions of the General Assembly, the Councils, Commissions, and Committees:

Section	Dollars US	Dollars US
1. The General Assembly and commissions and committees thereof.....	1, 325, 960	
2. The Security Council and commissions and committees thereof.....	357, 600	
3. The Economic and Social Council and commissions and committees thereof.....	Dollars US 325, 390	
(a) Permanent Central Opium Board and Drug Supervisory Body.....	39, 900	
(b) Regional economic commissions.....	53, 560	
	418, 850	
4. The Trusteeship Council and commissions and committees thereof.....	175, 750	
Total, part I.....		2, 279, 160

¹ United Nations, General Assembly, *Official Records of the Fourth Session, Resolutions*, 20 September–10 December 1949, pp. 54–56.

UNITED NATIONS BUDGET APPROPRIATIONS FOR THE FINANCIAL
YEAR 1950—Continued

Part II. Special Conferences, Investigations, and Inquiries:

	Dollars US	Dollars US
5. Special conferences.....	53, 600	
6. Investigations and inquiries.....	3, 417, 700	
(a) United Nations Field Service.....	337, 000	
	<hr/>	
(b) Permanent international regime for the Jerusalem area and protection of the Holy Places.....	3, 808, 300	
	<hr/>	
8, 000, 000		
Total, part II.....		11, 808, 300

Part III. Headquarters, New York:

7. Executive Office of the Secretary-General.....	512, 000	
(a) Library.....	449, 500	
8. Department of Security Council Affairs.....	841, 200	
9. Military Staff Committee Secretariat.....	144, 800	
10. Department of Economic Affairs.....	2, 450, 000	
11. Department of Social Affairs.....	1, 689, 500	
12. Department for Trusteeship and Information from Non-Self-Governing Territories.....	935, 000	
13. Department of Public Information.....	3, 264, 250	
14. Department of Legal Affairs.....	527, 300	
15. Conference and General Services.....	8, 731, 200	
16. Administrative and Financial Services.....	1, 720, 000	
17. Common staff costs.....	3, 888, 000	
18. Common services.....	2, 110, 300	
19. Permanent equipment.....	241, 800	
	<hr/>	
Total, part III.....		27, 504, 850

Part IV. United Nations Office at Geneva:

20. The European office (excluding direct costs, Chapter III, Secretariat of the Permanent Central Opium Board and Drug Supervisory Body).....	Dollars US	
	4, 141, 990	
Chapter III, Secretariat of the Permanent Central Opium Board and Drug Supervisory Body (direct costs).....	53, 410	
	<hr/>	
	4, 195, 400	
Total part IV.....		4, 195, 000

Part V. Information Centers:

21. Information centers (other than information services, European offices).....	839, 550	
Total, part V.....		839, 550

Part VI. Regional Economic Commissions (other than the Economic Commission for Europe):

22. Economic Commission for Asia and the Far East.....	686, 850	
23. Economic Commission for Latin America.....	525, 500	
	<hr/>	
Total, part VI.....		1, 212, 350

Part VII. Hospitality:

24. Hospitality.....	20, 000	
Total, part VII.....		20, 000

UNITED NATIONS BUDGET APPROPRIATIONS FOR THE FINANCIAL
YEAR 1950—Continued

		Dollars US	Dollars US
Part VIII. Technical Programs:			
25. Advisory social welfare functions.....		635, 900	
(a) Technical assistance for economic develop- ment.....		539, 000	
(b) International Center for training in public administration.....		149, 500	
Total, part VIII.....			1, 324, 000
Part IX. Special Expenses:			
26. Transfer of assets of the League of Nations to the United Nations.....		533, 768	
Total, part IX.....			533, 768
B. INTERNATIONAL COURT OF JUSTICE			
Part X. The International Court of Justice:			
27. The International Court of Justice.....		634, 765	
Total, part X.....			634, 765
C. SUPPLEMENTARY PROVISIONS			
Part XI. Global Reduction on Account of Contractual Print- ing and Devaluation of Certain Currencies:			
28. Global reduction on provisions for contractual printing.....			—210, 770
Global reduction on account of devaluation of currencies.....			—500, 000
Total, part XI.....			—710, 770
Grand total, after reduction.....			49, 641, 773

2. The appropriations granted by paragraph 1 shall be financed by contributions from members after adjustment as provided by regulation 17 of the Provisional Financial Regulations. For this purpose, miscellaneous income for the financial year 1950 is estimated at US\$5,091,740.

3. Amounts not exceeding the appropriations granted by paragraph 1 shall be available for payment of obligations in respect of goods supplied and services rendered during the period 1 January 1950, to 31 December 1950.

4. The Secretary-General is authorized:

(i) To administer as a unit the appropriations provided under section 3 (a) and section 20, chapter III;

(ii) To apply the reduction under section 28 to the various sections of the budget concerned;

(iii) To apply the reduction under section 29 to the various sections of the budget concerned;

(iv) With the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions, to transfer credits between sections of the budget.

5. In addition to the appropriations granted by paragraph 1, an amount of US \$14,000 is hereby appropriated for the purchase of books, periodicals, maps, and library equipment from the income of the Library Endowment Fund, in accordance with the objects and provisions of the endowment.

267th Plenary Meeting, 10 December 1949.

APPENDIX G

*Scale of assessments for the apportionment of the expenses of the United Nations
for calendar year 1950*

	Percent		Percent
Afghanistan.....	0. 05	Luxembourg.....	0. 05
Argentina.....	1. 85	Mexico.....	. 63
Australia.....	1. 97	Netherlands.....	1. 40
Belgium.....	1. 35	New Zealand.....	. 50
Bolivia.....	. 08	Nicaragua.....	. 04
Brazil.....	1. 85	Norway.....	. 50
Burma.....	. 15	Pakistan.....	. 70
Byelorussian Soviet Socialist Re- public.....	. 22	Panama.....	. 05
Canada.....	3. 20	Paraguay.....	. 04
Chile.....	. 45	Peru.....	. 20
China.....	6. 00	Philippines.....	. 29
Colombia.....	. 37	Poland.....	. 95
Costa Rica.....	. 04	Saudi Arabia.....	. 08
Cuba.....	. 29	Sweden.....	1. 98
Czechoslovakia.....	. 90	Syria.....	1. 12
Denmark.....	. 79	Thailand.....	. 27
Dominican Republic.....	. 05	Turkey.....	. 91
Ecuador.....	. 05	Ukrainian Soviet Socialist Re- public.....	. 84
Egypt.....	. 79	Union of South Africa.....	1. 12
El Salvador.....	. 05	Union of Soviet Socialist Repub- lics.....	6. 34
Ethiopia.....	. 08	United Kingdom of Great Britain and Northern Ireland.....	11. 37
France.....	6. 00	United States of America.....	39. 79
Greece.....	. 17	Uruguay.....	. 18
Guatemala.....	. 05	Venezuelan.....	. 27
Haiti.....	. 04	Yemen.....	. 04
Honduras.....	. 04	Yugoslavia.....	. 33
Iceland.....	. 04		
India.....	3. 25		
Iran.....	. 45		
Iraq.....	. 17	Total.....	100.00
Israel.....	. 12		
Lebanon.....	. 06		
Liberia.....	. 04		

APPENDIX H

Scale of assessments for the apportionment of the expenses of the United Nations for calendar year 1951

	Percent		Percent
Afghanistan.....	0.06	Liberia.....	0.04
Argentina.....	1.85	Luxembourg.....	.05
Australia.....	1.92	Mexico.....	.63
Belgium.....	1.35	Netherlands.....	1.35
Bolivia.....	.08	New Zealand.....	.50
Brazil.....	1.85	Nicaragua.....	.04
Burma.....	.15	Norway.....	.50
Byelorussian Soviet Socialist Republic.....	.24	Pakistan.....	.74
Canada.....	3.30	Panama.....	.05
Chile.....	.41	Paraguay.....	.04
China.....	6.00	Peru.....	.20
Colombia.....	.37	Philippines.....	.29
Costa Rica.....	.04	Poland.....	1.05
Cuba.....	.31	Saudi Arabia.....	.08
Czechoslovakia.....	.99	Sweden.....	1.85
Denmark.....	.79	Syria.....	.11
Dominican Republic.....	.05	Thailand.....	.24
Ecuador.....	.05	Turkey.....	.91
Egypt.....	.71	Ukrainian Soviet Socialist Republic.....	.92
El Salvador.....	.05	Union of South Africa.....	1.04
Ethiopia.....	.08	Union of Soviet Socialist Republics.....	6.98
France.....	6.00	United Kingdom of Great Britain and Northern Ireland.....	11.37
Greece.....	.18	United States of America.....	38.92
Guatemala.....	.06	Uruguay.....	.18
Haiti.....	.04	Venezuela.....	.30
Honduras.....	.04	Yemen.....	.04
Iceland.....	.04	Yugoslavia.....	.36
India.....	3.41		
Iran.....	.45		
Iraq.....	.17		
Israel.....	.12		
Lebanon.....	.06		
		Total.....	100.00

APPENDIX I

*Contributions to the budgets of the United Nations for the financial years, 1949 and 1950 as of Nov. 15, 1950*¹

I. CONTRIBUTIONS FOR FINANCIAL YEAR 1950

[United States dollars]

Member state	Amount of contribution	Cash receipts and other credits ²	Balance due
Afghanistan	\$17,085.00	\$17,085.00	
Argentina	632,145.00	19,636.00	\$612,509.00
Australia	673,149.00	673,149.00	
Belgium	461,295.00	461,295.00	
Bolivia	27,336.00	1,513.00	25,823.00
Brazil	632,145.00	632,145.00	
Burma	51,255.00	51,255.00	
Byelorussian Soviet Socialist Republics	75,174.00	15,741.50	59,432.50
Canada	1,093,440.00	1,093,440.00	
Chile	153,765.00	153,765.00	
China	2,050,200.00	21,832.00	2,028,368.00
Colombia	126,429.00		126,429.00
Costa Rica	13,668.00		13,668.00
Cuba	99,093.00	4,858.00	94,235.00
Czechoslovakia	307,530.00	116,524.66	191,005.34
Denmark	269,943.00	269,943.00	
Dominican Republic	17,085.00	17,085.00	
Ecuador	17,085.00	174.29	16,910.71
Egypt	269,943.00	232,543.00	37,400.00
El Salvador	17,085.00	17,085.00	
Ethiopia	27,336.00		27,336.00
France	2,050,200.00	1,984,048.00	66,152.00
Greece	58,089.00	48,089.00	10,000.00
Guatemala	17,085.00	364.00	16,721.00
Haiti	13,668.00	13,668.00	
Honduras	13,668.00	13,668.00	
Iceland	13,668.00	13,668.00	
India	1,110,525.00	933,420.00	177,105.00
Iran	153,765.00	3,092.00	150,673.00
Iraq	58,089.00	1,439.00	56,650.00
Israel	41,004.00	41,004.00	
Lebanon	20,502.00	20,502.00	
Liberia	13,668.00	11,111.00	2,557.00
Luxembourg	17,085.00	17,085.00	
Mexico	215,271.00	215,271.00	
Netherlands	478,330.00	478,330.00	
New Zealand	170,850.00	170,850.00	
Nicaragua	13,668.00	4,212.14	9,455.80
Norway	170,850.00	170,850.00	
Pakistan	239,190.00	222,438.00	16,752.00
Panama	17,085.00	17,085.00	
Paraguay	13,668.00		13,668.00
Peru	68,340.00	68,340.00	
Philippines	99,093.00	99,093.00	
Poland	324,615.00	23,839.00	300,776.00
Saudi Arabia	27,336.00	27,336.00	
Sweden	676,566.00	676,566.00	
Syria	41,004.00		41,004.00
Thailand	92,259.00	92,259.00	
Turkey	310,947.00	289,011.50	21,935.50
Ukrainian Soviet Socialist Republics	287,028.00	71,757.00	215,271.00
Union of South Africa	382,704.00	382,704.00	
Union of Soviet Socialist Republics	2,166,378.00	553,802.50	1,612,575.50
United Kingdom of Great Britain and Northern Ireland	3,085,129.00	3,576,182.81	308,946.19
United States of America	13,596,243.00	13,596,243.00	
Uruguay	61,506.00	4,035.00	57,471.00
Venezuela	92,259.00	92,259.00	
Yemen	13,668.00	1,920.00	11,748.00
Yugoslavia	112,761.00	112,761.00	
Contribution by new member state for 1949: Israel	34,170,000.00 27,085.00	27,847,422.40 27,085.00	6,322,577.60
	34,197,085.00	27,874,507.40	6,322,577.60

See footnotes at end of table, p. 107.

II. ARREARS CONTRIBUTIONS FOR THE FINANCIAL YEAR 1949

Member state	Amounts of contribution for 1949	Cash receipts and other credits ¹	Balance due
Bolivia.....	\$33,294.00	\$1,872.07	\$31,421.93
China.....	2,497,020.00	1,321,832.34	1,175,187.66
Paraguay.....	16,647.00	.05	16,646.95
Uruguay.....	74,911.00	47,045.94	27,865.06
Total.....	2,621,872.00	1,370,750.40	1,251,121.60

III. SUMMARY OF CONTRIBUTIONS RECEIVED AND DUE AS OF NOVEMBER 15, 1950

	Total amount	Paid	Percent paid	Balance due
Working capital fund advances.....	\$20,000,000.00	\$20,000,000.00	100.00	-----
1949 contributions (including contributions for 1948 by new member states).....	41,651,063.00	40,399,941.40	97.00	\$1,251,121.60
1950 contributions (including contributions for 1949 by new member states).....	34,197,085.00	27,874,507.40	81.51	6,322,577.60

¹ Does not include \$3,000,000 appropriation for establishment of an international regime for Jerusalem.

² Other credits: Representing credits resulting from the transfer of the assets of the League of Nations (\$533,768), and from adjustments in the advances to the working capital fund (\$24,000).

³ Other credits result from the transfer of the assets of the League of Nations.

APPENDIX J

Summary statement showing the position of collection of contributions to the specialized agencies as of Aug. 31, 1950

	Amount assessed	Amount paid	Percentage paid	Balance
FAO:				
1945-46 contributions.....	\$2,230,000.00	\$2,186,750.00	98.06	\$43,250.00
1946-47 contributions (18 months).....	6,769,500.00	6,508,750.00	96.15	260,750.00
1948 contributions.....	4,610,250.00	4,111,500.00	89.18	498,750.00
1949 contributions.....	4,623,625.00	3,945,633.12	85.34	677,991.88
1950 contributions.....	5,000,000.00	2,924,125.00	58.48	2,075,875.00
ICAO:				
1946-47 contributions.....	1,765,716.00	1,632,538.15	92.46	133,177.85
1947-48 contributions.....	2,561,617.00	2,453,547.00	95.78	108,070.00
1948 contributions (6 months).....	1,293,060.00	1,170,213.00	90.50	122,847.00
1948 contributions.....	2,674,802.00	2,353,245.00	87.98	321,557.00
1950 contributions.....	2,634,314.00	1,683,748.00	63.92	950,566.00
ILO:				
Contributions prior to 1949.....	-----	-----	-----	189,934.32
1949 contributions.....	5,195,931.91	4,858,511.21	93.51	337,420.70
1950 contributions.....	5,983,526.00	3,314,928.27	55.40	2,668,597.73
IRO: ²				
Contributions prior to 1949-50.....	-----	-----	100.00	-----
1949-50 contributions.....	3,475,800.00	3,199,500.00	92.05	276,300.00
UNESCO:				
1947 contributions.....	6,981,912.00	6,926,292.00	99.20	55,620.00
1948 contributions.....	7,591,670.00	6,888,276.98	90.73	703,393.02
1949 contributions.....	7,728,375.00	6,861,286.46	88.78	867,088.54
1950 contributions.....	7,721,891.00	2,670,362.23	34.58	5,051,528.77
WHO:				
1948 contributions.....	2,306,262.42	1,943,342.90	84.37	362,919.52
1949 contributions.....	5,046,293.00	4,134,737.47	81.94	911,555.53
1950 contributions.....	7,100,977.00	2,214,508.06	31.19	4,886,468.94

¹ Amounts indicated are Canadian dollars.

² IRO information is at June 30, 1950, not Aug. 31, 1950. Represents only contributions to the administrative budget.

APPENDIX K

CLASSIFICATION OF PROJECTS UNDERTAKEN BY THE UNITED NATIONS AND THE SPECIALIZED AGENCIES

A. Economic questions:

- i. Economic surveys.
- ii. Economic stability and employment.
- iii. Economic development and reconstruction.
- iv. Industry and raw materials.
- v. Food and agriculture.
- vi. International trade and finance.
- vii. Fiscal and public finance questions.
- viii. Transport and communications.

B. Social questions:

- i. Human rights.
- ii. Educational, scientific, and cultural activities.
- iii. Health (including nutrition).
- iv. Social security (unemployment, old age, disability, sickness insurance).
- v. Social welfare (including rural welfare and standards of living).
- vi. Narcotics.
- vii. Prevention of crime.
- viii. Relief and refugees.

C. General questions:

- i. Statistics.
- ii. Industrial relations (including labor legislation and conditions of work).
- iii. Wages and other forms of remuneration.
- iv. Population (including migration).
- v. Manpower.
- vi. Housing and town and country planning.
- vii. Technical assistance.
- viii. Legal questions (excluding labor legislation and narcotics control).
- ix. Coordination.
- x. Implementation.
- xi. Relations with nongovernmental organizations.

APPENDIX L

Number of persons employed by the United Nations and certain specialized agencies, 1947-50

	1947	1948	1949	1950
United Nations ¹	3,694	3,982	4,166	3,994
United Nations Educational, Scientific and Cultural Organization ²	550	604	679	785
International Labor Organization ³	348	449	473	550
Food and Agriculture Organization ⁴	553	539	631	660
International Civil Aviation Organization ⁵	360	368	410	425
World Health Organization ⁶		259	516	614
International Refugee Organization ⁷	1,870	2,308	2,606	1,805
Universal Postal Union ⁸			17	18
International Tele-Communication Union ⁹				86

¹ Figures for 1947, 1948, and 1949 are as of Aug. 31 of each year. The figure for 1950 is as of May 31.

² The figure for 1947 is the number of authorized established posts. The figures for 1948 and 1949 include the number of filled positions as of June 30 of each year. The figure for 1950 includes the number of filled positions as of Apr. 30.

³ The figure for 1947 represents the number of filled positions as of June 1; for 1948 and 1949, as of Dec. 31; for 1950, as of Oct. 25.

⁴ The figure for 1947 represents the number of filled positions as of Oct. 6; for 1948, as of Oct. 14; for 1949, as of Mar. 31, and for 1950, as of Oct. 25.

⁵ The figures for 1947 and 1948 represent the number of filled positions as of June 30; for 1949, as of Dec. 31, and for 1950, as of Oct. 25.

⁶ The figures for 1948 and 1949 represent the number of filled positions as of Dec. 31; for 1950, as of July 1.

⁷ The figures for 1947, 1948, and 1949 represent the number of positions filled by international staff of IRO as of Dec. 31; the figure for 1950 is as of Oct. 25. In addition, IRO has the following number of class II or indigenous employees: Dec. 31, 1947, 2,344; Dec. 31, 1948, 2,899; Dec. 31, 1949, 3,130; July 1, 1950, 2,844.

⁸ Figures not readily available for 1947 and 1948.

⁹ Figures not readily available for 1947, 1948 and 1949.

APPENDIX M

Staff costs (actual or estimated) of the United Nations and certain specialized agencies for calendar years 1947, 1948, 1949, and 1950

Organization	1947 actual expenditures	1948 actual or estimated expenditures	1949 actual or estimated expenditures	1950 estimated expenditures	Total
United Nations.....	\$18,699,499	¹ \$21,775,861	¹ \$27,737,805	¹ \$28,094,340	\$96,307,505
UNESCO ²	2,305,013	¹ 4,445,948	¹ 4,608,094	² 4,729,120	16,088,175
ILO.....	2,202,352	² 2,687,718	² 3,052,898	² 3,979,926	11,922,895
FAO.....	2,580,487	¹ 3,062,795	² 3,602,980	² 3,643,860	12,890,122
ICAO.....	1,064,045	¹ 1,516,031	² 1,880,085	² 2,070,245	6,530,406
IRO ⁴		¹ 12,420,743	¹ 15,157,430	¹ 15,157,430	42,735,603
WHO ⁵			² 764,660	² 1,057,230	1,821,890

¹ Actual.

² Estimated.

³ UNESCO 1948 expenditures include contracts with nongovernmental organizations.

⁴ The International Refugee Organization commenced operations on July 1, 1947, and operates on a fiscal-year basis. Thus, the figures given are for fiscal years 1947-48, 1948-49, and 1949-50.

⁵ World Health Organization began operations in September 1948. Information with respect to staff costs is not available for the initial period of WHO's operations—September to December 1948.

APPENDIX N

TABLE 1.—*Schedule of United Nations gross annual salaries prior to January 1, 1951*

[In United States dollars]

	Step I	Step II	Step III	Step IV	Step V	Step VI	Step VII
Grade 1.....	1,860	1,950	2,050	2,150	2,260	2,380	2,510
Grade 2.....	2,050	2,150	2,260	2,380	2,510	2,460	2,780
Grade 3.....	2,260	2,380	2,510	2,640	2,780	2,920	3,070
Grade 4.....	2,510	2,640	2,780	2,920	3,070	3,230	3,400
Grade 5.....	2,780	2,920	3,070	3,230	3,400	3,590	3,780
Grade 6.....	3,070	3,230	3,400	3,590	3,780	3,990	4,210
Grade 7.....	3,400	3,590	3,780	3,990	4,210	4,460	4,710
Grade 8.....	3,780	3,990	4,210	4,460	4,710	4,980	5,260
Grade 9.....	4,210	4,460	4,710	4,980	5,260	5,570	5,890
Grade 10.....	4,710	4,980	5,260	5,570	5,890	6,240	6,600
Grade 11.....	5,260	5,570	5,890	6,240	6,600	7,000	7,400
Grade 12.....	5,890	6,240	6,600	7,000	7,400	7,830	8,290
Grade 13.....	6,600	7,000	7,400	7,830	8,290	8,800	9,360
Grade 14.....	7,400	7,830	8,290	8,800	9,360	9,960	10,610
Grade 15.....	8,290	8,800	9,360	9,960	10,610	11,300	12,000
Grade 16.....	9,360	9,960	10,610	11,300	12,000	12,830	13,830
Grade 17.....	10,610	11,300	12,000	12,830	13,830		
Grade 18.....	12,000	12,830	13,830	14,830			
Grade 19.....	13,330	14,170	15,000				
Top-ranking director.....	15,000						

NOTE.—For schedule of net salaries, see next page.

TABLE 2.—*Schedule of United Nations net annual salaries prior to January 1, 1951*

[In United States dollars]

	Step I	Step II	Step III	Step IV	Step V	Step VI	Step VII
Grade 1.....	1,580	1,660	1,740	1,830	1,920	2,020	2,130
Grade 2.....	1,740	1,830	1,920	2,020	2,130	2,240	2,360
Grade 3.....	1,920	2,020	2,130	2,240	2,360	2,480	2,610
Grade 4.....	2,130	2,240	2,360	2,480	2,610	2,750	2,890
Grade 5.....	2,360	2,480	2,610	2,750	2,890	3,050	3,210
Grade 6.....	2,610	2,750	2,890	3,050	3,210	3,390	3,570
Grade 7.....	2,890	3,050	3,210	3,390	3,570	3,770	3,970
Grade 8.....	3,210	3,390	3,570	3,770	3,970	4,190	4,410
Grade 9.....	3,570	3,770	3,970	4,190	4,410	4,660	4,910
Grade 10.....	3,970	4,190	4,410	4,660	4,910	5,180	5,450
Grade 11.....	4,410	4,660	4,910	5,180	5,450	5,750	6,050
Grade 12.....	4,910	5,180	5,450	5,750	6,050	6,370	6,700
Grade 13.....	5,450	5,750	6,050	6,370	6,700	7,060	7,450
Grade 14.....	6,050	6,370	6,700	7,060	7,450	7,870	8,300
Grade 15.....	6,700	7,060	7,450	7,870	8,300	8,750	9,200
Grade 16.....	7,450	7,870	8,300	8,750	9,200	9,700	10,300
Grade 17.....	8,300	8,750	9,200	9,700	10,300	10,900	-----
Grade 18.....	9,200	9,700	10,300	10,900	-----	-----	-----
Grade 19.....	10,000	10,500	11,000	-----	-----	-----	-----
Top-ranking director.....	11,000	-----	-----	-----	-----	-----	-----

APPENDIX O

TABLE 1.—*Schedule of United Nations gross annual salaries for manual workers prior to January 1, 1951*

[In United States dollars]

Grade	Step I	Step II	Grade	Step I	Step II
1.....	2067	2151	12.....	2944	3069
2.....	2130	2255	13.....	3048	3195
3.....	2234	2339	14.....	3111	3257
4.....	2318	2401	15.....	3195	3341
5.....	2380	2506	16.....	3257	3424
6.....	2485	2610	17.....	3362	3508
7.....	2547	2673	18.....	3424	3591
8.....	2610	2735	19.....	3487	3654
9.....	2694	2819	20.....	3570	3738
10.....	2798	2944	21.....	3633	3821
11.....	2840	2986	22.....	3738	3925

NOTE.—For schedule of net salaries see next page.

TABLE II.—*Schedule of United Nations net annual salaries for manual workers prior to January 1, 1951*

[In United States dollars]

Grade	Step I	Step II	Grade	Step I	Step II
1.....	1,754	1,837	12.....	2,506	2,610
2.....	1,817	1,921	13.....	2,589	2,714
3.....	1,900	1,984	14.....	2,652	2,777
4.....	1,963	2,046	15.....	2,714	2,840
5.....	2,025	2,130	16.....	2,777	2,902
6.....	2,109	2,213	17.....	2,861	2,986
7.....	2,172	2,276	18.....	2,902	3,048
8.....	2,213	2,318	19.....	2,965	3,111
9.....	2,297	2,401	20.....	3,028	3,174
10.....	2,380	2,506	21.....	3,090	3,236
11.....	2,422	2,547	22.....	3,174	3,320

APPENDIX P

TABLE I.—Salary scales ¹ (subject to staff assessment plan)

PRINCIPAL OFFICER AND DIRECTOR CATEGORY

	Step I	Step II	Step III	Step IV	Step V	Step VI	Step VII	Step VIII	Step IX	Step X
Principal Director.....	\$17,000	\$18,000								
(Net rates).....	(12,000)	(12,500)								
Director.....	15,000	15,800	\$16,600	\$17,400						
(Net rates).....	(11,000)	(11,400)	(11,800)	(12,200)						
Principal officer.....	13,330	14,000	14,670	15,400	\$16,200	\$17,000				
(Net rates).....	(10,000)	(10,400)	(10,800)	(11,200)	(11,600)	(12,000)				

PROFESSIONAL CATEGORY

	Step I	Step II	Step III	Step IV	Step V	Step VI	Step VII	Step VIII	Step IX	Step X
Senior officer.....	\$11,310	\$11,690	\$12,080	\$12,500	\$13,000	\$13,500	\$14,000	\$14,500	\$15,000	
(Net rates).....	(8,750)	(9,000)	(9,250)	(9,500)	(9,800)	(10,100)	(10,400)	(10,700)	(11,000)	
First officer.....	9,140	9,460	9,790	10,150	10,540	10,920	11,310	11,690	12,080	\$12,500
(Net rates).....	(7,300)	(7,525)	(7,750)	(8,000)	(8,250)	(8,500)	(8,750)	(9,000)	(9,250)	(9,500)
Second officer.....	7,330	7,600	7,870	8,180	8,500	8,820	9,140	9,460	9,790	10,150
(Net rates).....	(6,000)	(6,200)	(6,400)	(6,625)	(6,850)	(7,075)	(7,300)	(7,525)	(7,750)	(8,000)
Associate officer.....	5,750	6,000	6,270	6,530	6,800	7,070	7,330	7,600	7,870	
(Net rates).....	(4,800)	(5,000)	(5,200)	(5,400)	(5,600)	(5,800)	(6,000)	(6,200)	(6,400)	
Assistant officer.....	4,250	4,500	4,750	5,000	5,250	5,500	5,750	6,000		
(Net rates).....	(3,600)	(3,800)	(4,000)	(4,200)	(4,400)	(4,600)	(4,800)	(5,000)		

¹ Effective Jan. 1, 1951.

NOTE.—The approximate net equivalents of the gross rates have been placed in parentheses.

TABLE II.—*Salary scales, general service category (headquarters) (subject to staff assessment plan)*

	Step I	Step II	Step III	Step IV	Step V	Step VI	Step VII	Step VIII	Step IX
Entrance level.....	\$2, 230	\$2, 350	\$2, 470	\$2, 590	\$2, 710	\$2, 820	\$2, 940	\$3, 060	-----
(Net rates).....	(1, 900)	(2, 090)	(2, 100)	(2, 200)	(2, 300)	(2, 400)	(2, 500)	(2, 600)	-----
Junior level.....	2, 590	2, 710	2, 820	2, 940	3, 060	3, 180	3, 300	3, 410	\$3, 530
(Net rates).....	(2, 200)	(2, 300)	(2, 400)	(2, 500)	(2, 600)	(2, 700)	(2, 800)	(2, 900)	(3, 000)
Intermediate level.....	3, 060	3, 180	3, 300	3, 410	3, 530	3, 650	3, 760	3, 880	4, 000
(Net rates).....	(2, 600)	(2, 700)	(2, 800)	(2, 900)	(3, 000)	(3, 100)	(3, 200)	(3, 300)	(3, 400)
Senior level.....	3, 530	3, 710	3, 880	4, 060	4, 250	4, 440	4, 620	4, 810	5, 000
(Net rates).....	(3, 000)	(3, 150)	(3, 300)	(3, 450)	(3, 600)	(3, 750)	(3, 900)	(4, 050)	(4, 200)
Principal level.....	4, 250	4, 500	4, 750	5, 000	5, 250	5, 500	5, 750	6, 000	6, 270
(Net rates).....	(3, 600)	(3, 800)	(4, 000)	(4, 200)	(4, 400)	(4, 600)	(4, 800)	(5, 000)	(5, 200)

NOTE.—The approximate net equivalents of the gross rates have been placed in parentheses.

TABLE III.—*Repatriation grant*

In principle, the repatriation grant shall be payable to staff members whom the United Nations is obligated to repatriate, except those terminated by summary dismissal. Detailed conditions and definitions relating to eligibility shall be determined by the Secretary General. The amount of the grant shall vary with the length of service with the United Nations (exclusive of periods when an expatriation allowance was received). The maximum rates payable effective January 1, 1953, shall be as follows:

Years of continuous service away from home country (exclusive of period when an expatriation allowance was received)	Staff member with neither a wife, dependent husband, or dependent child at time of separation (weeks of base salary)	Staff member with a wife, dependent husband, or child at time of separation (weeks of base salary)	Years of continuous service away from home country (exclusive of period when an expatriation allowance was received)	Staff member with neither a wife, dependent husband, or dependent child at time of separation (weeks of base salary)	Staff member with a wife, dependent husband, or child at time of separation (weeks of base salary)
After 2 years.....	4	8	After 8 years.....	10	20
After 3 years.....	5	10	After 9 years.....	11	22
After 4 years.....	6	12	After 10 years.....	12	24
After 5 years.....	7	14	After 11 years.....	13	26
After 6 years.....	8	16	After 12 years.....	14	28
After 7 years.....	9	18			

NOTE.—The maximum grant payable under this plan shall be \$2,500 (U.S.) net for a staff member without dependents and \$5,000 (U.S.) net for a staff member with dependents.

TABLE IV.—*Indemnity pay upon termination*

Completed years of service	Indemnity pay (expressed in number of months' salary)		Completed years of service	Indemnity pay (expressed in number of months' salary)	
	Confirmed indeterminate appointments	Temporary indefinite appointments		Confirmed indeterminate appointments	Temporary indefinite appointments
0.....	-----	nil	5.....	5	4
1.....	3	1	6.....	6	5
2.....	3	1	7.....	7	6
3.....	3	2	8.....	8	7
4.....	4	3	9 or more.....	9	8

NOTE.—Those who held confirmed indeterminate or temporary indefinite appointments on Dec. 31, 1950, shall be eligible for indemnity pay on the basis of either the above scales or the scales in effect on that date, whichever provides them with the greater amount of indemnity pay upon termination.

APPENDIX Q

SUMMARY OF STAFF ALLOWANCES PAID BY THE UNITED NATIONS
AS OF DECEMBER 31, 1950

The staff allowances in the United Nations Secretariat, according to the latest information, are as follows:

1. *Children's allowance.*¹—\$200 per annum in respect of each child under the age of 16 years, or, if the child is in full-attendance at a school or university, under the age of 18 to 22 years, respectively.

2. *Education allowance.*—\$200 per annum in respect of each child for whom a children's allowance is paid in full-time attendance at a school or university in his home country. (This allowance is supplemented by payment of travelling expenses of an outward and return journey for each child once in each scholastic year by a route and a type of transport approved by the Secretary General.)

Should staff members elect to send their children to special national schools in the area where they are serving, including international schools organized for children of United Nations staff members, rather than to schools in their home countries, the United Nations pays, for a child otherwise eligible for an education grant, the difference between the cost of education at the special school and the cost at a comparable school attended by children of persons normally resident in the area, such an amount not to exceed \$200 per annum. This allowance is payable only when there is valid reason for the child's not attending school in his home country.

3. *Cost-of-living adjustment.*²—Changes in New York cost-of-living conditions, since the date of the establishment of the salary and wage schedules, May 1946, are taken into account through a scheme of temporary cost-of-living adjustments. The allowance is \$530, from which deductions are made in accordance with the staff assessment plan.

4. *Temporary expatriation allowance.*³—Staff recruited abroad without dependents, \$250 per annum; with dependents, \$500 per annum. Eligibility was originally limited to two years but this has now been temporarily extended for another year, pending completion of the current review of the salary and allowance structure.

5. *Rental allowance.*—(a) Rental subsidy: Staff members residing in UN housing projects, except those receiving representation allowances, receive a rental subsidy of 25 percent of the actual rental excluding utilities and services (for accommodations not exceeding a standard number of rooms to which entitled), provided they are eligible for or have previously received an installation allowance or had military service in World War II. This subsidy is not paid concurrently with installation allowances.

(b) Rental allowance: Staff members not residing in UN housing projects, except those receiving representation allowances, receive the following rental allowance, provided they are eligible for or have previously received an installation allowance.

Base salary	For staff members considered "head of family" with dependents	For staff members eligible for allowances at single rates
\$2,780 to \$3,990.....	\$300	\$175
\$4,210 to \$6,240.....	350	200
\$6,600 to \$9,960.....	400	250
\$10,610 to \$15,000.....	450	300

This allowance is not paid concurrently with the installation allowance.

6. *Initial installation grant.*⁴—For staff members recruited outside the headquarters area: Without dependents, a fixed sum of \$125; with dependents, a fixed sum of \$200.

¹ Effective January 1, 1951, the ages have been raised to 18 and 21, respectively.

² Canceled as of January 1, 1951.

³ Canceled as of January 1, 1951.

⁴ Canceled as of May 1, 1950.

7. *Home leave.*—A staff member whose home is outside the country of his duty station receives, in addition to annual leave, home leave consisting of two working weeks every 2 years, plus actual traveling time, not to exceed 30 days, by an approved route and type of transport to and from the place established as his home. In addition the staff member is entitled to payment of transportation expenses and a travel subsistence allowance in respect of himself and transportation expenses and one-half of his per diem rate in respect of each dependent. Staff members are required to exercise the same care in incurring expenses as a prudent person would if traveling on personal business.

A staff member whose home is in the country of his official duty station shall receive, in addition to annual leave, home leave, consisting only of actual traveling time, not to exceed 30 days, every 2 years by an approved route and type of transport to and from the place established as his home.

8. *Comprehensive allowance.*⁵—In fixing the salaries of personnel in the grade of "top-ranking director" and above, the General Assembly specified comprehensive allowances which are deemed to cover certain of the special allowances which are received by staff in the lower grades:

"The Secretary General shall receive a salary in an amount sufficient to bring him a net sum of \$20,000 (United States), together with representation allowance of \$20,000 (United States) per annum. In addition, he shall be provided with a furnished residence, the repairs and maintenance of which, excluding the household staff, shall be borne by the Organization.

"An Assistant Secretary General shall receive a net salary of \$13,500 (United States) together with an allowance varying from \$7,000 (United States) to \$11,500 (United States) at the Secretary-General's discretion.

"A top-ranking director shall receive a net salary of \$11,000 (United States) together with an allowance varying from \$3,000 (United States) to \$6,000 (United States) at the Secretary-General's discretion.

"The allowances for Assistant Secretaries General and top-ranking directors are deemed to include all representation (including hospitality), housing, education, and children's and expatriation allowances but not such reimbursable allowances as travel, subsistence, and removal cost upon appointment, transfer, or termination of appointment with the Organization; official travel and home leave travel."

The Secretary-General has fixed the allowances for each Assistant Secretary-General at \$8,500 and at \$3,000 for top-ranking directors. A certain number of directors with especially responsible assignments are provided with allowances of \$2,500 in addition to their salaries of \$10,000. The allowances are deemed to cover the same items as covered by the allowances for top-ranking directors.

9. *Installation allowance.*⁶—Staff members whose homes at the time of appointment are beyond reasonable commuting distance from their place of duty are paid a per diem installation allowance for the first 60 days after arrival at the place of duty. The scale of allowances is as follows:

	<i>Per day</i>
Grade 11 and below.....	\$5. 00
Grades 12 through 14.....	6. 00
Grades 15 through 18.....	7. 00
Grade 19 not receiving representation allowance.....	7. 00
Grade 19 receiving representation allowance.....	12. 50
Top-ranking directors.....	15. 00
Assistant Secretaries-General.....	20. 00

Staff members, except Assistant Secretaries General, top-ranking directors, and directors receiving representation allowances, are entitled to installation allowances for not more than four dependents. For the first dependent, the rate is one-half of the staff member's allowance. For each additional dependent, the rate is one-fourth of the staff member's allowance.

⁵ Revised as of January 1, 1951. Principal directors and directors now receive the same benefits as other staff members, plus representation allowances. At the discretion of the Secretary General representation allowances are as follows: Assistant Secretary General, \$7,000 to \$10,000; principal director, \$1,000 to \$3,000; director, up to \$1,500.

⁶ Discontinued.